SECOND NATIONAL DEVELOPMENT PLAN 1970-74

PROGRAMME OF POST-WAR RECONSTRUCTION AND DEVELOPMENT

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CHAPTER I

INTRODUCTION

The First National Development Plan 1962-68 was due for completion by the 31st March, 1968. In normal times, work on the preparation of the Second National Development Plan should have been finalised by then to enable the latter to be launched thereafter. But the prevailing circumstances were hardly normal.

The interruption of the civil war meant that all available resources were mobilised for its prosecution. Although the war economy was managed in such a way as to ensure that projects-in-progress were completed on schedule, e.g. the Kainji Dam Project, Government could not initiate new schemes, start any major project or embark on other long-term development activities. Even the normal maintenance of existing infrastructures could not be sustained in many vital sectors of the economy.

As the war dragged on with its strains on the economy, it became clear that at the end of the war, the country would have to face many critical economic and social questions. To prepare the ground for this, the Federal Ministry of Economic Development and the Nigeria Institute of Social and Economic Research successfully organised the Ibadan Conference on Reconstruction and Development from March 24-29, 1969. The Proceedings of the Conference which are to be published by the Institute, show that the foundations for the current reconstruction and development planning effort were then already being laid at the Conference.

With the formal ending of the war on January 15, 1970, the Federal and State Governments were faced with the immence task of organising emergency relief supplies to the needy. This accomplished, the next task was to embark immediately on the rehabilitation and reconstruction of the war damaged areas as well as the reactivation and development of the rest of the economy which had also suffered "deprivations" because of the war. The normal development process, halted in every part of the economy, had to be resumed.

The Second National Development Plan 1970-74 contains the policy framework for, and the programme of, the reconstruction of the war damaged areas as well as the construction and development of the rest of the country. The Plan sets out clearly the National Objectives and Priorities of post-war Nigeria. It also outlines the general policy measures and programmes of action which flow from the Objectives as well as the agreed national scale of priorities.

The Second National Development Plan has to be implemented by the Governments as well as the people of this country ; all public sector institutions and private sector and individual initiatives will be involved in the execution of the Plan in one way or the other. Much sacrifice will be demanded of all sections of the community. The reward lies in the viable national economy which is expected to emerge half-way through the Plan period from the scars of the civil war. All Nigerians must be made to feel part of, and share from, the resultant buoyant economy.

CHAPTER 2

REVIEW OF PLANNING EXPERIENCE

Nigeria's planning effort since the end of the Second World War has had results varying from the integrated Development Plan for 1946-56 to the federated Development Plan for 1962-68. These results bear some relationship to changes in the political structure of the country as well as consequential changes in the planning machinery.

1. Pre-Independence Experience

Development planning in Nigeria can be traced back to 1946 when, following the initiative of the Secretary of State for the Colonies in 1944, the *Ten-Year Plan of Development and Welfare* came into operation. The formulation and implementation of the plan up to 1954 were highly centralised, the plan being actually prepared under the general direction of a small Central Development Board consisting exclusively of senior colonial government officials.

Area Development Committees, again consisting mainly of government officials, were established in the three groups of provinces that then constituted Nigeria to advise the Central Development Board. Similar advisory bodies were also set up in each province and each division. Considerable effort was made to obtain both inter-departmental and central-provincial consultation and co-ordination in the formulation of the various development programmes. In the event, the Plan came under severe criticism, and was resisted mainly on the ground that Nigerians, whose welfare it was supposed to seek, did not participate in its formulation. In this sense the planning exercise at that period failed to satisfy perhaps the most important requirement of good planning : involvement of the people. The non-specialised colonial administrators' approach to development planning, the inadequacy of the administrative machinery to provide the high-level manpower for plan implementation and the absence of properly defined objectives relevant and meaningful to the Nigerian population, were all contributory factors to the ineffectiveness of this early attempt at national development planning.

Before the end of the ten-year plan period, however, the federal system of government was introduced into Nigeria : in October 1954. This brought the Plan to a premature end, and in 1955 each of the Regional governments as well as the Federal government launched new Plans.

2. Post-Independence Experience

The 1955-60 *Economic Development Plan*, which in 1958 was revised and extended to 1962, was launched in April 1955. At the time of its launching, Nigeria had become a Federation with three Regions (North, East and West) as well as the Southern Cameroons and the Federal Territory of Lagos. A reflection of this political change on national planning was that each government prepared its own development plan. The country thus had virtually five development programmes. Apart from the report of the International Bank Mission which served as a common frame of reference, the development programmes of the different governments had varying goals.

The estimated total cost of the 1955-62 programme, after a series of reviews, was about £164 million. During the 1955-60 period, actual expenditure (mainly on Highways and Bridges, Public Works, Posts and Telegraphs and other Capital Expenditure) amounted to only £85 million.

On the recommendation of the International Bank Mission, the National Economic Council was set up in 1955 to provide :

> "a forum in which the Federation and the Regions might meet to discuss the many economic problems common to each, notwithstanding their separate constitutional functions, and such of their development policies as may have consequences reaching beyond their respective constitutional spheres"

The body consisted of representatives of the Central Council of Ministers, the Regional Executive Councils and the Executive Council of the Southern Cameroons under the chairmanship of the Governor-General and later the Prime Minister. Ad-hoc inter-ministerial Committees, set up to deal with specific matters, assisted the Council in its functions.

The Joint Planning Committee was set up by the National Economic Council in 1958 to :

(*a*) examine and report upon any matters remitted to it by the National Economic Council or by individual governments ;

(*b*) advise the National Economic Council in particular by—

(*i*) preparing a statement of fundamental objectives for the guidance of the planning committee of the several governments in the formulation of their development plans for each succeeding period ;

(*ii*) examining the plans formulated by the governments and advising what modifications should be made to them in the light of fundamental objectives agreed for this purpose, in order that the plans together may form a coherent whole and

(*c*) direct its secretariat in

(*i*) the preparation of studies, reports and surveys ;

(*ii*) the collation, co-ordination and dissemination of information.

Members of the Joint Planning Committee were drawn from the Federal and Regional Ministries of Trade, Finance, Economic Planning, Agriculture and Natural Resources, and the Central Bank. Various Ministries undertook the basic technical work. The resulting studies were processed through the Federal Ministry of Economic Development, which acted as the Secretariat for both the National Economic Council and the Joint Planning Committee. It was also the planning agency for the Federal Government, in addition to its responsibility for co-ordinating all technical assistance and external economic relations. The Economic Planning Unit in the Ministry was responsible for the technical aspects of policy work and economic planning generally as well as for plan co-ordination among the various economic planning and development agencies in the country.

In retrospect, the J.P.C. could be said to have played a very significant role in the preparation of the 1962-1968 Development Plan. There were, however, certain hindrances to its effective operation arising mainly from its composition and the lack of effective feed-back mechanism to the N.E.C.

In the first place, there was no continuity in personnel ; and most of those who participated in its deliberations were not directly involved in Economic Planning and Administration. Secondly, participation of non-government representatives, whose activities and experience can assist and enrich development planning, was greatly restricted. Thirdly, no member of the J.P.C. was at the same time a member of the N.E.C. An overlap in membership would have greatly strengthened the two-way communication process.

Following the recommendation of a Commission set up in 1961 by the Federal Government under the chairmanship of Sir Eric Ashby, the N.E.C. approved the establishment of a manpower development agency for the purpose of assessing the country's manpower need and formulating programmes for manpower development throughout the federation on a continuing basis. The National Manpower Board came into existence in 1962 with its Secretariat as part of the planning section of the Federal Ministry of Economic Development. Under its terms of reference, the Board's duties included the determination of the nation's manpower needs in all occupations; formulating, for the consideration of the N.E.C. and the governments of the Federation, programmes for manpower development through university expansion, training scholarships, fellowships and other facilities; and co-ordinating the policies and activities of the Federal and Regional Ministries primarily concerned with manpower problems. In effect, the Board was charged with the responsibility for finding solutions to the problems posed by manpower shortages in the form of unsatisfied manpower requirements and by manpower surpluses as represented by unemployment and under-employment.

The composition of the Board under the Chairmanship of the Permanent Secretary, Federal Ministry of Economic Development, was national in character and included representatives of the Federal and Regional Ministries responsible for Education, Labour and Economic Planning and the representatives of the Universities, the Employers' Association and the Trade Unions. In addition, there was at the regional level a manpower committee in each of the regional ministries responsible for economic planning. These committees acted as feed back agents to the National Manpower Board and collaborated in its work.

The Federal Office of Statistics is the leading national agency for the collection and collation of economic statistical data. This office is also a unit of the Federal Ministry of Economic Development and is part of the national planning machinery. State offices of statistics and other Federal and State agencies including the Central Bank, the Ministry of Education and the Federal Ministry of Labour take part in data collection and provide sources of relevant information on various fields of activities.

The requirements of advanced development planning demand that there should be economy in resources and effort as well as purposeful co-ordination of the activities of primary agencies engaged or interested in statistical data compilation. In consideration of this, the Federal Executive Council in 1969 approved the establishment of a National Advisory Committee on Statistics. Its membership is drawn from the Economic Planning Unit of the Federal Ministry of Economic Development, the Nigerian Institute of Social and Economic Research, the National Manpower Board, the Central Bank of Nigeria, the Chambers of Commerce, Mines and Industry, and the Universities. The Chairman of the Committee is the Chief Statistician. The functions of the Committee are to advise on any business related to the development of statistical services and, in particular, to:

(*i*) provide a forum for the review by producers and users of statistical data, of the activities and programmes of the Federal Office of Statistics and other agencies collecting and disseminating statistical information, with a view to ensuring that the said activities and programmes are geared to national requirements;

(*ii*) provide a means whereby the activities and programmes in question can be co-ordinated and harmonised so as to effect economies and promote efficiency in the collection, processing and distribution of statistics in the country; and

(*iii*) advise the Federal Office of Statistics on questions relating to the scope and format of official statistics and other matters of statistical policy.

With the progressive development of statistical services on a rational basis, the difficulties of planning would be reduced as time goes on.

3. Development since 1966

With the outbreak of the national crisis in 1966, the N.E.C. and the J.P.C. became moribund. One of the institutional reforms under the military administration was the establishment in March 1966 of the National Economic Planning Advisory Group. The Group was charged with the responsibility of advising the Government on the harmonious development of the national economy. Specifically, it was to:

(*a*) review the progress of the economy since independence;

(*b*) identify the critical points that require urgent government action or modification of existing policies and recommend possible measures ;

(*c*) make projections into the future and submit recommendations about the direction of long-run economic policies.

The Group consisted of ten members selected mainly in their private capacities and on the basis of individual ability, knowledge and experience. There was no regional representation. The Group's Secretariat was located in the Cabinet Office. The Chairman was Chief S. O. Adebo (then Nigeria's Permanent Representative at the United Nations), with the then Economic Adviser to the Federal Government, Dr P. N. C. Okigbo, as Deputy Chairman. The Group's activities lapsed with the renewed political crisis of July 1966.

Within its short life, the Group reviewed the status of the economy, analysed the balance-of-payments problems, advised on the 1966-67 Capital Estimates and on the *Guide-posts for the Second Development Plan*. Politically and administratively, the Group was probably not well structured to make an effective and lasting impact. But it has created a place for itself in the continuous search for a viable national planning machinery under Nigerian conditions.

The creation in 1967 of twelve new States in place of the four old Regions radically changed the context of national planning and plan co-ordinaton. The case for greater collaboration and co-ordination became clearer and stronger. What was required, at the inter-governmental level, was a planning machinery that recognised :

(*a*) the concurrent powers of the States and the Federal Government in economic planning and development ;

(*b*) the need for an agreed framework of national objectives and development priorities ; and

(*c*) the pre-eminent position of the Federal Government to lead and act as a co-ordinator in national development planning.

Since 1967 aspects of this new planning machinery have been taking shape. Most State Governments have set up planning committees consisting of officials and private members to serve as clearing houses for proposals from various agencies in the States. Simultaneously, the Federal Ministry of Economic Development has regularly convened meetings of Senior Planning Officials at which are represented all economic planning ministries in the Federation. This Conference of Planners has become part of the planning machinery during this transitional period. The Economic Planning Unit of the Federal Ministry of Economic Development services the Conference and prepares for it the technical papers required for its deliberations. In between conferences, co-ordination of the various planning efforts is achieved through reciprocal visits by Economic Planning Unit staff and various State Planning officials.

The main task of the Conference of Planners was to work out the format and the criteria for the preparation and selection of State and Federal programmes and projects which have been integrated into the present National Development Plan. The success of the Conference has been facilitated by the fact that planning officials from the Centre are in very close and constant contact with State Planning officials and their Committees, thus providing a two-way feed-back of information vital to effective decision-making.

Various proposals about the appropriate machinery for post-war reconstruction and development planning were discussed extensively and the Government decided that, in the present circumstances, the Supreme Military Council in which the Military Governors of the States sit under the chairmanship of the Head of the Federal Military Government and Commander-in-Chief of the Armed Forces, provides the best forum for harmonising, at the intergovernmental level, the major development questions affecting the future of the economy. The Supreme Military Council will thus lay down from time to time, the broad guidelines for the economic and development activities of the component Governments in the Federation.

At the official level, a Joint Planning Board has been established to :

(*a*) harmonise and co-ordinate the economic policies and development activities of the Federal and State Governments and their agencies, and

(*b*) examine in detail all aspects of economic planning and make recommendations through the appropriate authorities to the Supreme Military Council or the respective State Governments as the case may be.

The membership of the Joint Planning Board is made up of :

(*i*) Permanent Secretary, Federal Ministry of Economic Development and Reconstruction (*Chairman*) ;

(*ii*) Director, Central Planning Office ;

(*iii*) Chief Statistician, Federal Office of Statistics ;

(*iv*) Director, Nigerian Institute of Social and Economic Research ;

(*v*) Director of Research, Central Bank of Nigeria ;

(*vi*) Permanent Secretary, Federal Ministry of Finance ; and

(*vii*) Permanent Secretary, Ministry of Economic Planning from each of the States. (Each State Representative will have an option of being accompanied by an Alternate or an Adviser).

The former Economic Planning Unit in the Ministry of Economic Development and Reconstruction is being expanded into a Central Planning Office staffed with a cadre of professional planners outside the general pool of administrators. The Central Planning Office will service the Joint Planning Board.

The Commissioners responsible for planning at the Federal and State levels will also meet from time to time, to review economic matters of common interest to the Governments in the Federation. In addition, an Economic Advisory Committee will be established as part of the new planning machinery with membership drawn from among the senior officials of the Economic Ministries, the Universities and the private sector. The main function of this Committee is to advise the Federal Government on planning, economic and fiscal matters and harmonise the activities of the public and private sectors.

4. Evaluation of the 1962-68 National Development Plan

Early in 1959, the National Economic Council decided that—

> "a National Development plan be prepared for Nigeria with the objective of the achievement and maintenance of the highest possible rate of increase in the standard of living and the creation of the necessary conditions to this end, including public support and awareness of both the potentials that exist and the sacrifices that will be required".

The designers of the 1962-68 plan made conscious efforts to set and quantify the national objectives as well as ensure a common national planning framework. Specifically, they aimed at a target saving of about fifteen per cent of the Gross Domestic Product by 1975 ; an annual investment of fifteen per cent of the Gross Domestic Product during the Plan period ; a Gross Domestic Product minimum growth rate of four per cent for the economy and the acceptance of common general priorities by all the governments. The highest priorities were accorded to agriculture, industry and the training of high and intermediate manpower.

The 1962-68 plan, commonly referred to as the first National Development Plan, was launched in June 1962. While it has a structure similar to the 1955-62 Programme, in the sense that it embodies separate programmes with projects in different Regions overlapping one another, it differs from it in so far as recognition and acceptance of common objectives and targets by the various component governments gave it an apparently national character.

Before the creation of the Mid-West Region in 1963, the 1962-68 plan for the former Western Region included proposals for areas which were later to constitute the Mid-West. Consequent upon the creation of the new Region, the Mid-West plan was drawn up to fit into the general framework of the National Development Plan and to cover the remaining four years of its life.

The events of 1966 and the subsequent crisis of 1967-69 made it impossible for the country to embark on the formulation and design of a Second National Development Plan. Instead, annual Capital Budgets continued to be employed as the main instrument of control and allocation of developmental resources. For the purpose of the annual budgeting, members were drawn from the various Economic Ministries and the Federal Ministry of Works to form the Capital Estimates Committee.

Total planned fixed investment for the six years of the first National Plan was £1,183 million. About £390 million of this amount was to be invested in the private sector at an average of £65 million annually. The plan assumed that £793 million would be invested in projects in the public sector at an average annual investment of £132.2 million. Measured in terms of the allocation of funds, Transport, Electricity, Primary Production, Trade and Industry and Education, in that descending order, dominated investment in the public sector.

The first year of the plan was essentially a period of preparation : detailed costing, designing and planning of projects and similar preparatory work such as site acquisition, etc. The vacuum created by the short-fall of investment in the public sector in those early stages was partly filled by the execution of "carry-over" projects from the 1955-62 plan.

Public investment, which in the first year of the plan period amounted to £64.6 million, declined slightly to £63.4 million in 1963. Thereafter, it rose gradually to approximately £90.0 million in 1966. The expected annual average investment of £112.8 million was really never achieved.

TABLE 1

GROSS CAPITAL FORMATION BY ASSETS : 1962-68
(AT CURRENT PRICES)

(£ million)

Assets	1962	1963	1964	1965	1966	1967*
1. Land, agricultural and mining development	25.6	33.4	30.0	36.7	35.8	28.4
2. Buildings	55.2	53.4	54.0	56.7	58.2	59.2
3. Civil Engineering Works	34.2	37.2	35.0	47.5	52.4	53.7
4. Plant, Machinery and Equipment	38.3	39.3	54.0	68.9	76.8	64.1
5. Vehicles	6.6	13.8	22.0	24.3	19.4	16.8
TOTAL	159.9	177.0	195.0	234.1	242.4	222.4
% Change		+10.6	+9.2	+16.6	+3.7	−8.2
of which :						
(i) Public Sector	64.6	63.4	68.0	83.8	90.9	
(ii) Private Sector	95.2	113.6	127.0	150.3	151.7	
TOTAL as % GDP	12.2	12.6	13.4	15.18	15.14	

* 1967 data exclude the three Eastern States.

In absolute terms, total annual fixed investment for the economy as a whole in the first two years fell short of the expected average level of £197.2 million. In subsequent years, however, the targets were considerably exceeded right up to and including 1965. The growth rate of recorded capital formation not only declined with the 1966 crisis, but was actually negative by 1967, presumably mainly because of the exclusion of the three Eastern States. However, actual investment in both public and private sectors combined in 1966 still exceeded the estimated annual average by about 37 per cent. Also by then, 85 per cent of the total planned fixed investment for the economy as a whole during the plan period has been achieved. This can be attributed to the better performance of the private sector, where the target of £390 million for the plan period was already exceeded by about 64 per cent in 1966. That the estimated average annual investment of £65 million is an underestimation of the expected performance of the private sector soon became apparent. Even in 1962, actual investment of £95.2 million in the sector already exceeded the estimated target. Private Sector investment rose consistently to £151.7 million in 1966 after which the growth rate dropped. In general, investment in various forms of assets shows an upward trend. As a percentage of the Gross Domestic Product, gross capital formation rose from 12.2 per cent in 1962 to over 15 per cent in 1965—the expected annual rate for the plan period.

TABLE 2

OUTPUT AND INVESTMENT : 1962-68
(AT CURRENT FACTOR PRICES)

Year	*Gross Domestic Product*		*Investment*		*Investment as percentage of G.D.P.*
	Amounts (£m)	*Percentage Change*	*Amount (£m)*	*Percentage Change*	
1962	1,315.4	—	159.9	—	12.2
1963	1,403.2	6.7	177.0	10.6	12.6
1964	1,457.0	3.8	195.0	10.2	13.4
1965	1,540.3	5.7	234.1	20.0	15.18
1966	1,605.0	14.2	242.4	3.7	15.14
1967*	—	—	222.4	−8.2	—

* 1967 data exclude the three Eastern States.

Cumulative figures of recorded domestic savings through financial institutions increased from £45.7 million in 1962 to £103.3 million in 1966. They increased by about three-fourth during the plan period. This does not, of course, give a complete picture of aggregate domestic saving effort, but is indicative of the rapidly expanding banking and financial institutions during the period. Although capital inflow was important in the financing of investment in the organised private sector of the economy, the country's overall development was substantially financed from domestic resources.

The apparent distinction in the behaviour of the economy between the "pre-crisis" and the "crisis" period notwithstanding, the overall performance of the national economy during the plan period, as reflected in changes in the Gross Domestic Product, was one of unsteady expansion. The growth rate was 6.7 per cent in 1963-64, but only 3.8 per cent in 1964-65 when the lowest growth rate was recorded. Thereafter, it rose to 5.7 per cent in 1965-66 and fell again to 4.2 per cent in 1966-67.

More significantly, however, was the uneven growth from sector to sector. Agriculture still occupied a dominant position in the economy, as it accounted for about 65 per cent of the Gross Domestic Product in 1962-63 and 63 per cent in 1966-67. With the faster growth of the non-agricultural sectors, however, the relative position of agriculture was understandably declining. Local industries accepted the challenge of the imposition of import restriction which was necessitated by the crisis, using it as a spur for further industrialisation. The share of Industry in the Gross Domestic Product grew from 5.3 per cent in 1962-63 to 7 per cent in 1966-67.

The fastest growing sector of the economy was Mining. It was also later to be the hardest hit by the war as a result of production stoppage in the oil fields of the Eastern States. This notwithstanding, the contribution of the sector to the Gross Domestic Product rose from 1.9 per cent in 1962-63 to about 3.4 per cent in 1966-67.

TABLE 3

CAPITAL EXPENDITURE 1962-68
(PUBLIC SECTOR)

(£ million)

Sector	Federal			Northern Region*			Eastern Region†			Western Region††			Total		
	Estimate	Actual	% Change	Estimate	Actual	% Change	Estimate	Actual	% Change	Estimate	Actual	% Change	Estimate	Actual	% Change
Primary Production	20·466	10·961	− 45·8	22·494	11·084	− 50·7	30·361	15·882	− 47·7	18·439	14·596	− 20·8	91·760	52·523	− 42·8
Trade and Industry	44·030	12·402	− 71·8	9·864	10·965	+ 11·1	12·930	10·280	− 20·5	23·445	13·890	− 40·8	90·269	47·537	− 47·3
Electricity	98·140	74·535	− 24·1	1·500	0·014	− 99·1	0·600	0·367	− 38·9	1·500	5·770	+ 284·7	101·740	80·686	− 20·7
Transport	103·957	95·679	− 8·0	24·660	12·286	− 54·5	8·850	5·505	− 37·8	6·350	7·691	+ 21·1	143·817	121·101	− 15·8
Communications	30·000	11·042	− 63·2	—	—	—	—	—	—	—	—	—	30·000	11·042	− 63·2
Water	1·863	0·689	− 63·1	7·442	7·809	+ 31·8	5·100	5·009	− 1·8	9·853	9·240	− 6·2	24·258	24·747	+ 2·0
Education	29·154	24·678	− 15·0	18·949	10·001	− 47·2	8·850	2·899	− 67·3	12·855	8·076	− 37·2	69·763	45·654	− 34·6
Health	10·304	2·995	− 71·0	3·317	3·123	− 5·8	1·819	0.703	− 61·4	1·636	0·639	− 60·1	17·076	7·460	− 56·3
Town and Country Planning	23·160	14·919	− 35·6	6·000	0·311	− 94·8	3·306	1·717	− 48·0	9·280	2·683	− 71·1	41·746	19·630	− 53·0
Co-operative and Social Welfare	2·689	0·554	− 79·4	2·439	2·090	− 14·3	0·534	0·374	− 30·0	3·010	0·704	− 76·6	8·662	3·722	− 57·0
Information	2·351	2·071	− 12·0	0·088	0·613	+ 569·5	0·450	1·543	+ 249·9	0·773	0·453	− 61·4	3·662	4·680	+ 27·7
Judicial	0·272	0·764	+ 180·8	—	0.009	—	0·250	0.170	− 32·0	0·442	0·304	− 31·2	0.964	1·247	+ 29·4
General/Administration	43·915	90·528	+ 106·1	0·993	4·031	+ 305·9	2·067	2·619	+ 26·7	1·114	6·349	+ 469·9	48·089	103·527	+ 115·3
Financial Obligation	2·200	4·799	+ 118·1	—	0·623	—	0·120	1·422	+ 1118·5	1·600	6·039	− 35·1	3·900	12·883	+ 230·3
TOTAL	412·501	346·616	− 16·0	98·803	64·959	− 34·3	76·000	48·490	− 36·2	90·287	76·434	− 20·9	676·800	536·499	− 20.7

* The 'Actual' for 1967-63 refers only to the various Approved Estimates concerned.
† Excludes 1967-68 figures for the 'Actuals'.
†† Includes figures for the Mid-West.

Table 3 shows an overall comparison of the projected and actual expenditure under the first National Plan. For the six-year period, there was a shortfall of about one-fifth in actual expenditure. All sectors recorded underspending except Information, Judicial, Administration and Financial Obligation items. The enormous overspending in the Administration Sector reflected the growing Defence expenditure towards the end of the plan period.

The shortfall between actual and estimate in directly productive sectors like Primary Production (—42.8 per cent) and Trade and Industry (—47.3 per cent) is a matter of some concern for the successful implementation of the plan, considering the importance of the two sectors in the development process. It is not valid, however, to measure the impact of Government action in a sector only by reference to the volume of public capital spending in the sector.

Probably of far greater significance is the list of major projects successfully completed during the plan period. These included :

(*a*) The Oil Refinery.

(*b*) The Nigerian Security and Minting Plant.

(*c*) The Paper Mill.

(*d*) The Sugar Mill.

(*e*) The Niger Dam.

(*f*) The Niger Bridge.

(*g*) Some Trunk Roads (including the Maiduguri-Beni Sheik, Gusau-Sokoto, Bauchi-Gombe-Yola, Shagamu-Benin, and Kano-Zaria Trunk Roads).

(*h*) Ports Extension.

In retrospect, it was probably a blessing in disguise that certain main projects (notably the Steel Plant) were not started. Measured in terms of major set targets and of main overall objectives, the First National Development Plan can be judged on balance to be a success. The behaviour of the national economy during the period reflected a good potentiality for expansion greater than the 4 per cent minimum annual growth rate set by the planners. More than that, the political crisis and civil war in the period 1966-69 brought out the basic latent strength and resilience of the national economy.

5. Economic Policy

The failure of external sources of finance to meet the expected fifty per cent contribution meant an added call on domestic sources for provision of the funds needed to finance development. This situation became aggravated by the crisis, but the challenge was met by an intensified mobilization of government economic resources.

The monetary measures in use since 1960 have been the provision of 'cheap' money to finance government capital expenditure and the aiding of investment financing in the private sector. They were also directed at containing the pressure of consumption expenditure on the balance of payments and generally preventing an uncontrolled weakening of the external reserve position to a dangerous level.

Since most of the expected external fund was not available, there was a delibrate running down of reserves for development purposes. In the circumstances, the Central Bank gave some direct loans and advances to various public-sector institutions to assist them in their development efforts. However, in view of the fast rate at which external reserves ran down, it became necessary to operate the policy in such a way that credit creation is channelled away from consumption expenditure to capital expenditure.

The credit restrictions of the middle 1960's were again relaxed in 1966. By 1968, developments in the financial system were, in any case, dictated by the needs of the war-economy. The financial requirements of the government provided the banks with an opportunity to expand their assets, consequent upon which bank credit to the economy rose. Development in Banking legislation during the plan period included the Central Bank (Currency Conversion) Decree No. 51 of 30th December, 1967, which came into effect on January 3rd, 1968. There was also the Central Bank of Nigeria Act (Amendment) Decree No. 50 of 18th September, 1968 which, apart from giving the Central Bank a number of new instruments on monetary control, made the Central Bank the source of Marketing Board finance, formalised the existing practice of close consultation between the Bank and the Federal Ministry of Finance, and gave the Bank additional powers for credit control.

As an instrument of economic development, the fiscal policy of the country (which was designed to raise revenue for the government, restrain expansion of consumer demand, increase savings and investment, influence the structure of capital formation and improve the country's balance of payments position) came increasingly to rely on indirect control in the first half of the 1960's. In August 1964, steps were taken to restrain consumer demand by imposing higher custom duties on a wide range of imports, while public consumption expenditure was curtailed. Additional fiscal measures were taken in April 1965 for the purpose of increasing government revenue, protecting the country's industries and encouraging private investment. A further tightening-up in August 1965 resulted in the imposition of geographical ban on some goods, while both import and excise duties were increased.

The problems posed by rising expenditure and falling revenue were to be later aggravated by the civil war. The balance-of-payment position deteriorated rapidly as a result of the decline in net capital inflow and of the steep rise in external spending for the Armed Forces. The monetary and fiscal policies of the government in 1968 were directed at raising sufficient funds for financing the war as well as arresting the downward trend of the external reserves.

The Exchange Control Act, which was meant to be employed in case of a threatening crisis in the balance-of-payment position and which was initially meant to apply to the non-Sterling Areas, came into force in 1962. The substantial loss of reserve partly due to the speculative outflow associated with Sterling devaluation in November 1967, prompted the strict application of the exchange control and of the removal from the Act of the distinction between the Sterling and non-Sterling Areas.

The industrial policy of the government during the plan period was intended to stimulate the establishment and growth of industries which would contribute directly and indirectly to economic growth and enable Nigerians to participate increasingly in their ownership, direction and management. The policy measures employed to achieve these objectives included the establishment of Industrial Estates, direct participation in Industry as well as the use of fiscal measures in the form of incentives.

In addition to the use of economic policies, new institutions required for the achievement of the plan objectives were established, while conscious efforts were made to enlarge existing ones. Such institutions include the Nigerian Industrial Development Bank, established in 1964 as an industrial development finance company, through the reconstruction of the Investment Company of Nigeria Limited (which had been earlier incorporated in 1959). Similar institutions were established or improved in the Regions: The Northern Nigeria Investment Limited, the Industrial Development Centre (in the former Northern Region) and the Agricultural Credit Corporation which took over the control of loans to the agricultural sector from the former Western Region Finance Corporation. In 1965, the Eastern Region government also increased to fifty per cent its contribution to the Industrial and Agricultural Company.

The establishment of the Nigeria Security Printing and Minting Company is also significant. In the field of Insurance the plan allocated one million pounds for the establishment of a Nigerian Insurance Company. The Insurance Bill of March 1962 spelt out the functions of the company. It was not, however, until 3rd June, 1969 that Decree No. 22 of 1969 formally promulgated the establishment of the National Insurance Company of Nigeria. The establishment of the various Chambers of Commerce, the Lagos Stock Exchange and the Nigerian Institute of Management are manifestations of the efforts of the private sector to improve upon the material and human resources required in that sector for the growth of the economy.

The administration of the First National Development Plan is of particular significance. Apart from the supervisory role of the Governments through the various relevant Ministries, the administration of the plan in relation to the private sector was left substantially in the hands of that sector. The administration of the plan in the public sector was done through the civil service which is functionally organised into Ministries. Each Ministry is responsible for particular areas of policy while the Corporations are responsible, in matters of policy, to the Ministries. The economic functions of the governments were performed by such Ministries as Finance, Economic Development, Trade, Industry, Agriculture, Works, Transport, Communications and Health; while the development activities of these Ministries were co-ordinated by the Ministry of Economic Development. The Federal Ministry of Economic Development served as Secretariat to both the Joint Planning Committee and the National Economic Council, while the Economic Planning Unit of the Ministry was the focal point of plan administration and was thus responsible for co-ordination at the National level.

In the early part of the plan period, the Capital Estimates Committee was set up for the control and allocation of resources. This Committee was responsible for the annual review of the plan as well as the re-ordering of priorities in keeping with the built-in flexibility of the plan. One of the occasional plan reviews undertaken during the period was by the International Development Association of the International Bank for Reconstruction and Development in October 1965. One major difficulty in the plan's administration was that, except in some government circles, the average Nigerian did not identify himself with the plan.

Behind the planning exercise which resulted in the presentation of the First National Development Plan was the realisation that previous plans did not adequately reflect the aspirations of the country. The plan, therefore, had as one of its hopes the achievement of "a modernised economy, consistent with the democratic, political and social aspirations of the people". Not only did Nigeria, as a newly independent country need to ensure the reality of her political sovereignty, but its economic programmes must also be Nigerian in outlook. This was reflected in attempts made at fashioning both the planning procedure and the planning machinery. The conflict between regional aspirations and unified national objective during the 1962-68 plan period has revealed however, that there are important loopholes yet to be filled in conception, organisation and leadership for national cohesion. This is the real challenge of the present 1970-74 Plan.

CHAPTER 3

THE WAR ECONOMY

The series of constitutional crises which had plagued the country since 1962 culminated in the establishment of a military government in early 1966 and eventually the outbreak of civil hostilities in the middle of 1967. The long military action to suppress the rebel forces and preserve the country as one political and economic entity provided a severe test of the resilience of the national economy. In retrospect, it has also forced a better understanding of the workings of the economic system, its developmental potentialities and the policy tools necessary for its rational management. The present programme of post-war national reconstruction and development is, therefore, to be seen against the general background of the lessons of war.

On the eve of war, the national economy was in fact already showing signs of structural changes associated with the early stages of a growing and dynamic economy. Although by 1965 growth of the gross domestic product had declined compared with the immediate preceding period, the prime movers for generating general development were already shifting to a combination of intensive industrial activities, expansion of food production for domestic consumption and a gradually streamlined set of public policies. Parallel with this development was the increasing strain on the balance of payments, a rising bottleneck in the availability of skilled labour force and an incipient inflationary pressure. These trends, which were already manifest in the economy by the mid-1960's, were thus only brought into sharper focus by the economic consequences of civil war.

1. Economic Policy Measures and Structural Change

As was to be expected in a situation of national emergency, necessary measures had to be taken to contain the rebel forces and minimise potential dangers to the national economy on the outbreak of war in mid-1967. Series of diplomatic and economic measures were taken for preserving the integrity of the Federation in the weeks preceding and following the beginning of military action. On the economic front, the rebel area was isolated through an embargo on merchant shipping and on other sea traffic (except oil tankers) as well as through closing the Onitsha bridge to merchandise traffic. Statutory Corporations and other Agencies were barred from transferring funds to the area and from performing services there which have to be paid for outside the area. Conversely, Federal Authorities and Agencies were prevented from disbursing cash or authorising payments in the area.

For the country as a whole, increasing steps were taken to put the economy gradually on a war footing. Apart from the usual suspension of constitutional rights in any state of emergency, the legal framework was streamlined to facilitate an effective control of the economy by administrative action. The Treasury Bills Act was amended to raise the limit of treasury bills as a percentage of estimated federal revenue from 40 per cent to 50 per cent. To counter the potential inflationary pressure, a number of essential domestic food items were put on the list of export produce for which specific export licences were required. These included beans, cassava flour, cassava tuber, garri, maize, rice, yam flour and yam tuber. A capital gains tax of 20 per cent on gains accruing from disposal of assets had been introduced at the beginning of the financial year. Three months after the military conflict started, a super tax on company profits was imposed at the rate of two shillings in the pound.

The continued maintenance of the Nigerian exchange rate in the face of Sterling devaluation provided an added reason for the Federal government to take further fiscal and monetary measures to safeguard the country's balance-of-payments position. Specific import licencing was introduced against the Dollar Area, Japan, Netherlands, Hong Kong, Eastern Europe and China. It was also introduced against some commodities like cement, enamelware, meat and butter, petroleum products, wheat flour, yarn, bags and sacks, tyres; glass and second-hand clothing. Furthermore, tariffs were substantially increased on fruits, cameras, radiotelephonic and telegraphic apparatus, radiogramophone components, electric lamps and the whole range of passenger vehicles. The range of banned imported commodities was at the same time extended to include uncanned or untinned fruits, eggs and meat.

As military operations continued and it was becoming increasingly clear that both the magnitude and length of the conflict would be much greater than earlier anticipated, appropriate steps had to be introduced to cope with the changing situation. The nation was not found wanting either in its determination or its capacity to meet the new challenge of international pressure. At the beginning of 1968, there was a major exercise of converting old currency notes to new ones to undermine the politically-motivated speculation against the country's currency on the international money market. Through the year, series of fiscal measures were taken to protect the country's balance-of-payment position and achieve the minimum degree of economic stringency demanded by the intensity of military operations.

A wide range of forty-five items were removed from the Open General Import Licence and put under the special licence system. They included most food, drink and tobacco items as well as clothing, footwear, household goods, wood products and durable consumer goods. Many imported luxury goods like radio, radiogram, television, tape recorder, gramophone, high-quality textile, carpet, porcelain, refrigerator, washing machine, air-conditioner, electric drier, pleasure boat and certain classes of car came inevitably under the fiscal axe. The tariff reconstruction surcharge of 5 per cent imposed in 1965 was raised to 7½ per cent on all goods affected, excepting unmanufactured tobacco needed for domestic processing. Stockfish was also brought into the surcharge measure for the first time by removing it from the exemption list. Duties payable on several goods were raised, not with a view to increasing government revenue but to discourage or at least limit their importation. Concessionary exemption was abolished on some intermediate products, including crude asbestos, fire bricks, fire clays, fire cement, furnace cement, gypsum, splints and skillets.

This process of stringent but selective import restrictions started in 1967 and continued in 1968 was consolidated in 1969. The Customs Tariff (Duties and Exemptions) Order No. 2 of 1969 introduced further duty increase on some goods ; such as tomato paste and puree, petroleum products, machinery and tools, grey bafts for textile printing, sacks and bags, radio parts and base metal products. Later in the year, the duty on machinery was reduced from 20 per cent to 5 per cent. But it also reduced or abolished duties on certain commodities, especially goods of an intermediate nature for further processing by domestic manufactures. Examples of these were milk, hatching eggs, pharmaceutical products, sports goods, splints and skillets, buses, trucks, lorries, motorcycles and bicycles. The effect of the measures was generally to discriminate in favour of home substitutes.

Parallel with this series of fiscal measures on the external trade sector (and to compensate for the loss of government revenue from imports) was the set of amendments to the Excise Tariff legislation. The Excise Tariff Act was amended to effect an increase in the rate of excise duty on some local manufactures. These were generally by five percentage points *ad valorem*, although for some items the rate went up to ten per cent. The Act also introduced duty on a wide range of commodities which were not previously covered : batteries, disinfectants, medicaments, food products, plastics, tyres, carpets, furniture, radio, building materials, sewing machines and synthetic piece goods.

Beyond general tariff measures, there was a system of administrative restriction through licencing. More goods were transferred in 1969 from the open to the specific import licence list. They included food preparations, eggs, raw coffee, tyres, woven and knitted fabrics, linoleum, certain garments and undergarments, watches and glass products. Within the specific licensing system itself, there were three different sub-lists. Certain items were earmarked for the Ministry of Trade routinely to issue licences against a base-year quota. Another set of items (mainly capital goods and intermediate products) was left for allocation by an inter-ministerial Import Quota Allocation Committee. A final group, consisting mainly of luxury goods, was simply banned by administrative, as opposed to legislative, action.

There were also developments in the commercial banking sector as the Government took steps to streamline the economy's financial system. However, from the viewpoint of war prosecution and the simultaneous pursuit of domestic economic stability, probably the most significant policy measure was in the area of containing pressure on the use of available foreign exchange. As the country's external reserves were fast running down beyond the accepted conventional standard of four months import bill and given the poor prospect of enhanced export earnings, counter measures were introduced to ration the use of scarce foreign currencies. The repatriation of profits and dividends overseas by foreign businesses was deferred. While still working on the possibility of renegotiating some short-term contractor-finance agreements, a moratorium was imposed on the repayment liabilities arising from the projects. As a contingency measure, a stand-by automatic short-term credit was negotiated with the International Monetary Fund. But it owed much to the good economic and financial management of the policy makers that the position never got as critical as to necessitate the use of the stand-by credit.

To plug the leakages in the administration of foreign exchange control, certain powers which had been earlier delegated to the commercial banks as authorised dealers were transferred to the Central Bank. Various tender boards were constrained to stop the importation of goods and materials which were capable of being produced in the country. Certain fringe benefits for public officers were abolished and, in particular, some proportions of oversea allowances to serving officers abroad were made payable in Nigerian currency. The general posture of policy was to clamp down on a non-developmental use of foreign exchange and to postpone as prudently as possible the settlement of foreign financial obligations. For an economy that has been long used to a liberal foreign exchange regime, the war-time was undoubtedly a period of economic stringency.

In general, Government's needs dictated the pace of development in the financial sector, as the total banking system's credit to the economy was rising through 1968 and 1969. In spite of the budgetary gap and of the increasing reliance on deficit financing, the economy was able to achieve a fair measure of external and domestic stability in the value of its currency. The inherent inflationary tendency was contained within manageable proportions. In addition by 1969, the restrictive measures against import started to yield result in spite of some leakages through defective administration. On the other hand, the prospect for export earning was becoming brighter as crude petroleum export resumed and the prices of agricultural export produce on the world market moved up. By the end of the year, the balance of trade had shown a substantial surplus.

Throughout the war period, the Government tightened its grips on the economy's financial and commercial operations. The Central Bank was empowered to intervene in the financing of Marketing Board purchases. The Treasury Bills Act was again amended to raise the extent of outstanding treasury bills issue from 50 per cent to 85 per cent of the estimated Federal revenue for the fiscal year. New regulations were introduced for hire purchase and insurance. A companies decree was promulgated requiring all foreign-owned companies with business in Nigeria but incorporated abroad, to be incorporated in Nigeria before the end of 1968. Another decree required the payment of income tax by a company granted pioneer status on that part of its profits which exceeded the total amount of capital allowance granted to it by virtue of its pioneer status. Tax authorities were further empowered to assess and charge a fair tax on the turnover of a business where such a business produced no assessable income or an assessable income which in their opinion was underestimated.

In a Banking Decree in 1969, commercial banks could neither open nor close down without the express consent of the Central Bank. The concept of what constitutes a "bank" was itself extended to include not only commercial banks but also acceptance houses, discount houses and other allied financial institutions. The minimum paid-up capital for an indigenous bank was raised to £300,000 and for an expatriate bank £750,000. The general purpose of all these measures in the Decree was to achieve a tighter control of banking operations, promote greater operational efficiency and stimulate quicker response by the banking system to changes in monetary policy. Also in 1969, a Finance Decree was passed to have the effect of yet extending the limit of outstanding Treasury Bills from 85 per cent to 100 per cent of estimated Federal revenue, and of Treasury Certificate issues from 50 per cent to 60 per cent.

2. General Level of Economic Activity

By the middle of the 1960's the national economy seemed to have lost some of the impetus for its impressive growth in the preceding decade. Therefore, the political crisis of 1966 and the consequent military conflict of 1967 only worsened an already evident trend of declining growth rate. The slowing down in the general level of economic activity was caused primarily by the fall in the growth of both government expenditure and private investment. The unstable conditions of 1966 and 1967 were not conducive to either booming agricultural export or bouyant domestic capital formation. The beginning of military operations and the blockade of the Eastern States from the middle of 1967 had inevitable negative consequences on domestic production, inter-state commerce and the balance of payment.

For the first time in two decades of national income accounting, the country showed in 1967-68 an absolute fall in the estimated gross domestic product (Table 1). Agricultural production, especially for export, was hit by a combination of unfavourable weather conditions, transportation bottlenecks and declining market prices (Table 2). Production and export of mineral oil virtually stopped. Export of vegetable oil suffered a severe setback. Until late 1968, the general trend of foreign exchange earnings was downward or at best stagnant; and the import level moved in sympathy under the weight of stringent fiscal measures dictated by war mobilisation (Tables 4 and 5).

After the decline of 1967 and the stagnation of 1968, the national economy adjusted to the prospect of a long-drawn civil war and started to pick up again in 1969. Outside the zones immediately affected by the war, general economic activity was given a fillip by rising domestic demand and by marginal improvement in the external trade sector. The civil war itself stimulated demand and had a beneficial effect on the level of employment. Export-substituting manufactures were given such a big boost that by the end of 1968, the index of industrial production for the rest of the country outside the Eastern States had surpassed the 1966 level for the entire country (Table 3). Export-oriented manufactures also continued to expand their production. The industries which were adversely affected by the war were limited to building materials and transport equipment.

Overall, the Gross Domestic Product at current factor cost fell by about 16 per cent in 1967-68 as compared with the 1966-67 level. But most of this decline could be accounted for by the exclusion from the data of economic activities in the three Eastern States most affected by the civil war. It is estimated that, normally, those areas combined probably account for something like 20 per cent of total Gross Domestic Product for the country as a whole.

TABLE 1

GROSS DOMESTIC PRODUCT, AT CURRENT FACTOR COST 1965-68

£ millions

Sector	1965-66		1966-67		1967-68[1]	
Agriculture Forestry and Fishing		845.9		892.2		742.9
Agriculture	657.0		688.4		578.2	
Livestock	77.8		82.0		66.2	
Forestry	72.1		67.6		36.8	
Fishing	39.0		54.2		61.7	
Mining (including Petroleum)		74.3		81.7		34.5
Petroleum	59.5		68.0		22.1	
Electricity and Water Supply		9.3		9.9		7.2
Manufacturing and Crafts		96.4			98.0	112.9
Building and Construction		80.6		82.7		65.5
Distribution		216.4		216.1		185.3
Transport and Communication		67.8		65.5		57.1
General Government		54.0		54.0		46.7
Education		45.0		49.4		36.2
Health		10.3		9.7		9.2
Other Services		40.3		45.8		52.1
GROSS DOMESTIC PRODUCT		1,540.3		1,605.0		1,349.8

[1] Figures exclude the three Eastern States.

TABLE 2

PRODUCTION OF PRINCIPAL AGRICULTURAL COMMODITIES, 1965-66 TO 1968-69[1]

'000 tons

Commodity	1965-66	1966-67	1967-68[2]	1968-69[2]
Cocoa	165	263	234	185
Seed Cotton	127	148	79	162
Groundnuts	977	1,026	684	764
Beniseed	23	16	13	13
Soya Beans	19	15	9	4
Palm Oil	130	32	4	—
Palm Kernels	415	28	190	—

[1] As measured by Marketing Board Purchases.
[2] Excluding the three Eastern States.

TABLE 3

PRODUCTION OF SELECTED MANUFACTURES, 1955-1969[1]

Commodity	*Quantity Unit*	1965	1966	1967	1968	1969
Rubber products . .	Thousand Tons	41.6	39.5	37.0	35.7	37.7
Groundnut oil and cake	Thousand Tons	300.7	207.2	202.2	293.4	347.4
Soap and detergents . .	Thousand Tons	46.2	41.2	38.0	27.2	27.4
Cement	Million tons	0.9	1.0	0.7	0.6	0.6
Beer	Million Gallons	12.6	13.9	13.3	15.6	19.2
Soft drinks	Million Gallons	5.9	4.5	4.4	4.3	5.4
Footwear	Million pairs	5.3	9.3	11.0	10.7	14.4
Cotton textiles	Million sq. Yards	103.4	176.7	233.1	224.4	286.4

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[1] From July 1967, excluding the three Eastern States.

TABLE 4

MAJOR EXPORTS, 1965-69

Commodity	*Quantity Unit*	*Quantity (in '000)*					*Value (in £ million)*				
		1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Groundnuts	Tons	512	573	20	638	518	37.8	40.8	35.4	38.0	35.9
Groundnut Oil	Tons	91	108	71	109	99	10.0	10.0	7.2	9.5	11.1
Ground Cake	Tons	163	133	131	171	168	5.3	4.7	4.2	4.9	5.0
Cocoa	Tons	255	190	242	206	171	42.7	28.3	54.7	51.5	52.6
Petroleum Crude Oil ..	Tons	13,020	18,945	14,774	6,890	26,867	68.1	92.0	72.1	37.0	136.0
Palm Kernels	Tons	416	394	163	159	176	26.5	22.4	7.8	10.2	9.8
Rubber	Tons	68	70	48	52	56	10.9	11.5	6.3	6.3	9.6
Raw Cotton	Tons	14	23	33	14	14	3.3	5.2	6.5	3.3	3.4
Cotton Seed	Tons	70	66	63	29	42	1.8	1.9	1.9	0.9	1.0
Palm Oil	Tons	150	140	16	3	8	13.6	11.0	1.3	0.1	0.4
Tin Metal	Tons	11	11	10	11	10	14.9	15.4	13.0	13.7	13.9
Timber and Plywood ..	Cu. ft.	20,106	18,896	11,598	11,353	12,133	7.7	6.8	4.3	4.3	5.2
Hides and Skin	Cwt.	171	163	150	144	144	4.7	5.8	4.4	4.0	4.2
Total Major Commodities ..							247.1	255.8	219.1	183.7	288.1
Other Commodities							16.2	22.9	19.0	22.8	32.0
Total Domestic Exports ..							263.3	278.7	238.1	206.5	320.1

TABLE 5

IMPORTS BY STANDARD GROUPS, 1965-1969

£'millions

Commodity Group	1965	1966	1967	1968	1969
Food and Live Animals	23.038	25.784	21.280	14.196	20.866
Beverages and Tobacco	2.099	2.279	1.832	1.173	.798
Crude Materials mainly inedible, other than fuels	6.591	7.211	5.801	5.267	5.739
Mineral Fuels, Lubricants and related Materials	17.349	3.811	8.788	14.551	15.630
Animal and Vegetable Oils and Fats ..	.174	.182	.301	.289	.192
Chemicals	20.192	20.769	21.294	22.448	30.392
Manufactured Goods	90.013	79.324	72.292	54.687	71.988
Machinery and Transport Equipment ..	92.414	95.452	71.597	60.472	73.238
Miscellaneous Manufactured Articles ..	20.539	18.809	17.393	14.005	13.413
Commodities and Transactions ..	2.999	2.751	2.972	6.095	16.435
TOTAL	275.318	256.372	223.550	193.185	248.691

It may not however, be realistic to ascribe as high as 20 per cent of the country's Gross Domestic Product to the three Eastern States in the circumstances of 1967-68. It is apparent that some productive capacity in the area was damaged or completely out of operation. And it may not be too far from the truth that with the various social and economic dislocations of war combined with the imposition of an embargo on the area, the relative contribution of the three Eastern States to the country's Gross Domestic Product would approximate to only 10 per cent in 1967-68. By 1968-69, however, the ratio may have risen to something like 15 per cent, as more areas were liberated for near-normal economic life to be resumed. Even then, these would still involve an absolute fall in the Gross Domestic Product in 1967-68. But by 1968-69, the trend of decline in the general level of economic activity had been substantially arrested for the economy to resume once more its gradual upward movement.

In 1969, production was generally better than in 1968 although there were still uneven developments. The volume of output of certain agricultural export crops (notably cocoa and groundnut) declined; but the shortfall was more than compensated in value as prices in the world market were on the upward trend. The pacification of the oil producing areas in 1968 resulted in a rapid advance in the production and export of crude petroleum in 1969. The growth in manufacturing production continued in response to the stringent fiscal measures on import. Although much industrial and transportation productive capacity was destroyed in the military operations, new industrial investments elsewhere in the country were taking place on an increasing scale. But more than expanding capital formation was the significant rise in capacity utilisation. Existing assets were stretched to their limits as many factories produced non-stop in three shifts while bottlenecks developed in the transport network. Simultaneously, there were booming records in industrial turnover, employment, capital expenditure and profit. The distributive trades which had earlier in the war suffered from the import restrictions adjusted to the structural change in supply source and, by 1969, had more than recovered from its setback

As the war progressed, the latent inflationary pressure started to surface (Table 6). Government budgetary action and the resulting expansion in domestic credit creation was one source of inflationary tendency (Table 7). Bottlenecks in transport and distribution worsened the inability of agricultural and industrial supplies to match the growing urban demands. The consequential price increase was noticeable but not disturbing; and it in any case served as a stimulus to producers to increase production and undertake new investment. However, as a contingency measure to protect consumers interest and prevent monopoly exploitation, the Government set up towards the end of 1969 an appropriate machinery for containing price increases and ward off an industrial wage-price spiral.

Indeed, the inflationary consequence of war would have been greater but for the remarkable performance of the agricultural sector, and particularly the resilience of peasant food producers in rising up to the new challenge. The restriction on food imports and the multiple expansion in Armed Forces food demand reinforced the growing normal urban requirements for food. In the early stages of the war, some of this demand pressure was satisfied by inter-state trade diversion arising from the economic blockade of the war zones. But from 1968 onwards, the increased demand was satisfied increasingly through expanded food production and marginal improvements in their storage and distribution. The growth of agricultural supply was achieved substantially by increasing the inputs of both labour and land with the factor proportions and production techniques largely unchanged. The mild increases in food prices made it worthwhile for the peasant farmers to cultivate more land and expend more labour.

TABLE 6

Consumer Price Indices (Base 1960=100) for Lower Income Group

Year	Lagos		Ibadan		Enugu		Kaduna		Benin	
	Food	All Items	Food	All Items	Food	All Items	Food	All Items	Food	All Items
1965	114	117	111	112	123	124	114	113	113	109
1966	131	127	133	125	153	139	130	122	146	128
1967	119	122	123	120	..	..	121	118	139	127
1968	117	123	114	116	..	..	113	120	120	117
1969	138	136	126	126	..	..	134	136	149	136

TABLE 7

Money Supply, 1965-1969 End of Period

£ millions

Source, Type	1965	1966	1967* (June)	1967	1968	1969
Credit to domestic economy	170.9	210.2	196.5	233.5	306.5	412.4
(*a*) Private sector	138.0	156.8	126.1	148.0	148.4	162.9
(*i*) Central Bank	(3.7)	(8.3)	(16.6)	(10.6)	(36.4)	(43.1)
(*ii*) Commercial Banks	(134.3)	(148.5)	(109.5)	(137.4)	(112.0)	(119.8)
(*b*) Public sector	32.9	53.4	70.4	85.5	158.1	249.5
(*i*) Central Bank	(24.7)	(37.9)	(50.4)	(68.9)	(56.9)	(78.9)
(*ii*) Commercial Banks	(5.5)	(12.8)	(17.5)	(14.2)	(98.7)	(168.2)
(*iii*) Post Office Savings	(2.7)	(2.7)	(2.5)	(2.4)	(2.5)	(2.4)
Foreign assets	82.5	72.8	52.9	31.1	42.9	49.4
(*i*) Central Bank	87.9	80.7	56.9	43.6	44.9	49.5
(*ii*) Commercial Banks	−5.4	−7.9	−4.0	−12.5	−2.0	−0.1
Other assets (net)	−22.0	−26.6	−33.8	−39.9	−91.1	−138.7
Total monetary assets	231.4	256.4	215.6	224.7	258.3	323.1
Quasi-money at Commercial Banks	70.2	81.2	63.5	65.6	91.7	107.8
Post Office Savings	2.7	2.7	2.5	2.4	2.5	2.4
Money supply	158.5	172.5	149.6	156.7	164.1	212.9
Total monetary liabilities	231.4	256.4	215.6	224.7	258.3	323.1

*From June 1967, figures exclude the three Eastern States.

TABLE 8

Balance of Payments, 1965-69

£ millions

Transaction	1965			1966			1967			1968[1]			1969[2]		
	Oil[4]	Non-Oil[5]	Total	Oil[4]	Non-Oil[5]	Total	Oil[4]	Non-Oil[5]	Total	Oil[4]	Non-Oil[5]	Total	Oil[4]	Non-Oil[5]	Total
Visible Trade[3]															
Exports (including re-exports) f.o.b.	68.1	197.1	263.3	91.1	187.1	279.0	72.0	166.8	238.8	36.6	173.1	209.7	132.3	189.0	321.3
Imports (c.i.f.)	13.5	154.6	268.1	19.5	228.5	248.0	17.5	200.9	218.4	13.6	176.6	190.2	11.1	220.0	231.1
Balance of trade	+54.6	−57.4	−2.8	72.4	−41.4	+31.0	54.5	−34.1	+20.4	+23.0	−3.5	+19.5	+121.2	−31.0	+90.2
Visible Transactions (net)	−36.4	−27.2	−63.6	−57.9	−34.0	−91.9	−51.3	−59.8	−111.1	−34.8	−78.5	−113.3	−44.8	−92.1	−136.9
Balance of goods and services	+18.2	−84.6	−66.4	+14.5	−75.4	−60.9	3.2	−93.9	−90.7	−11.8	−79.0	−90.8	+76.4	−123.1	−46.7
Transfer Payments (net)															
Private	—	−6.7	−6.7	—	−6.3	−6.3	—	−4.5	−4.5	—	+3.7	+3.7	—	+1.0	+1.0
Official	—	+9.4	+9.4	—	+8.0	+8.0	—	+12.2	+12.2	—	+10.4	+10.4	—	+7.0	+7.0
Balance on transfer payments	—	+2.7	+2.7	—	+1.7	+1.7	—	+7.7	+7.7	—	+14.1	+14.1	—	+8.0	+8.0
Balance on current accounts	+18.2	−81.9	−63.7	+14.5	−73.7	+59.2	3.2	−86.2	−83.0	−11.8	−64.9	−76.7	+76.4	−115.1	−38.7
Capital Transactions (net)															
Private	+17.4	+19.6	+37.0	+28.9	+6.0	+34.9	+45.5	+6.0	+51.5	+39.6	+34.8	+74.4	−20.5	+51.1	+30.6
Official	—	+29.0	+29.0	—	+13.5	+13.5	—	+9.9	+9.9	—	+0.8	+0.8	—	+1.4	+1.4
Balance on capital account	+17.4	+48.6	+66.0	+28.9	+19.5	+48.4	+45.5	+15.9	+61.4	+39.6	+35.6	+75.2	−20.5	+52.5	+32.0
Balance on current and capital account	+35.6	−33.3	+2.3	+43.4	−54.2	−10.8	+48.7	−70.3	−21.6	+27.8	−29.3	−1.5	+35.9	−62.6	−6.7
Net errors and omissions		+9.6			+2.0				−12.1[1]			+1.3[1]			+10.9
MONETARY MOVEMENTS															
Change in reserves (−) indicates increase and (+) indicates decrease)		−11.9			+8.8				+33.7			+0.2			−4.2

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[1] Revised January 1970.

[2] Provisional.

[3] Merchandise trade figures shown here may differ from the trade statistics in other tables because of coverage and valuation adjustments.

[4] Refers to oil prospecting and mining companies.

[5] Refers to all other sectors of the economy except the oil prospecting and mining companies.

TABLE 9

EXTERNAL RESERVES, 1965-69

£'million

Institution	*December* 1965	*December* 1966	*December* 1967	*December* 1968	*December* 1969
Banking	*84.4*	*74.3*	*39.1*	*41.0*	*46.6*
Central Bank	82.6	71.4	36.1	38.0	42.5
IMF gold tranche position ..	1.8	3.0	3.0	3.0	4.1
Government	*3.5*	*6.4*	*4.2*	*4.0*	*2.8*
Federal	0.9	2.5	1.1	1.0	0.6
States	2.6	3.9	3.1	3.0	2.2
Semi-Official	*10.7*	*11.6*	*7.8*	*6.0*	*5.2*
Marketing Boards	1.7	1.7	0.0	0.0	0.0
Others..	9.0	9.9	7.8	6.0	5.2
Total Official External Reserves[1]	*98.6*	*92.3*	*51.1*	*51.0*	*54.6*
Commercial Banks (Net) ..	—5.4	—7.9	12.5	—2.0	—1.5

[1] Comprising Local Governments, the Nigerian Industrial Development Bank, Statutory Corporations and the Universities.

3. Lessons from the War Economy

One of the important lessons of the war-time economy was a better understanding of its response mechanism to changes in domestic public policy. The crisis demonstrated that the policy-maker in a neo-colonial economy need not throw up his hands in helpless desperation. For Nigeria at least, the civil war marked a threshold when the national economy was freeing itself from the strait jacket of agricultural export earnings as its determinant of growth. Henceforth, the pivot of economic development became the complex set of carefully designed policy instruments, as the results of measures described above clearly show.

In broad terms, three factors can be recognised as making the most contribution to the achievement of a relative war-time economic stability. There was, firstly, the nature of the various interdependent policy measures discussed above and especially of their attempt at mutual consistency. Secondly, there was the new institutional setting for designing and implementing economic and financial policies. Government arrangement in the military regime afforded much speed and flexibility in responding suitably to the challenging requirements of a war economy. Thirdly, by the middle of the 1960's, the Nigerian economy had started showing signs of a significant structural change in terms of its pivot of growth. The civil war only accelerated and crystalised the trend. The dominant prime mover became less dependent on agricultural export earnings and more on public economic programmes and policies that are by their very nature more domestically oriented.

From a planning standpoint, an important lesson of the civil war is that crude petroleum export and a general balance of the external trade sector are helpful but not crucial to the growth of the Nigerian economy. Foreign exchange as a bottleneck in the growth process cannot be over emphasised for an economy that still depends on import for its capital goods; and the prospect of oil, even after the statistical qualifications, can radically transform that bottleneck in the Nigerian case. That much was demonstrated in 1969, the only year of the civil war when, under the influence of a gradual recovery of the oil industry, the economy did not have to draw down its external reserves. But that did not mean that the survival and growth of the economy, or even the successful prosecution of military operations, depended on oil. To the extent that they depended at all on the balance in the external sector, the credit must go to Nigeria's traditional export crops, a determined policy of import restriction and a disciplined management of the public sector.

The war has helped to generate greater confidence in the basic strength and resilience of the Nigerian economy and enhanced its potential credit worthiness abroad. The origin of this confidence cannot, however, be ascribed to oil as the crucial determinant of growth. It must be based on the overall natural endowments of the country in the fields of agriculture, livestock, forestry, fishing, water resources, mineral oil, solid minerals, fuel and evergy. It must derive from the quantity and quality of its manpower, the innate ability of its people and their determination to transform their country politically, economically and socially.

The Nigerian economy has emerged from the war as probably the most promising in Tropical Africa. This conclusion arises from the following considerations :

(*a*) Nigeria has the largest concentration of natural and human resources on the continent. With a probable population of about 64 million in 1970 and an estimated 80 million by the end of the Second United Nations Development Decade in 1980, Nigeria is the most attractive single market in Africa.

(*b*) Nigeria now has one of the most stable political structures and viable administrative frameworks on the African continent, given the return of peace and victory for the forces of national unity and economic and social integration.

(*c*) The perennial psychological threat of 'regional secession' has gone for good. It is no longer necessary for investors to plan their projects on the basis of four "regional markets". The economic advantage of the new States structure is that no one unit is in a position to pose to the outside world as being able "to go it alone". There will henceforth be one integrated Nigerian market. The temporary barriers arising from the war will disappear with time and in the process of reconstruction and reconciliation.

(*d*) The lessons of economic management and choice of policies from the war-time have placed at the disposal of the Nigerian authorities the tools which will enable them to plan and direct the national economy through the tensions associated with rapidly changing societies.

(*e*) Nigerian industrial experience and development potential can provide the focal point in the active pursuit of West African economic integration.

CHAPTER 4

NATIONAL OBJECTIVES AND PRIORITIES

An important rationale for economic planning is that progress would be faster if the nation is motivated in its economic activity by a common social purpose. Effective co-ordination of the development activities of various decision making units within the country is easier when they all subscribe to a common goal and operate under a common impetus.

The war-time experience of Nigeria has demonstrated the necessity for a sustained social will harnessed to a common social goal as a basis for national survival and greatness. Post-war conditions, rather than remove this necessity, indeed underline its undiminished importance. A developing country in the context of 20th century Africa and of changing world technology is really in a state of permanent crisis hardly distinguishable in its essence from war-time mobilisation.

For planning purposes, a set of national objectives must deal simultaneously with the community's standard as well as quality of life. The first is a quantitative phenomenon and easier to measure. The second is a qualitative notion which is not susceptible to quantitative analysis but which is crucial to the pace of economic development and social change. It is relatively easy to quantify targets such as output, growth rates or changes in per capita income. Yet, it is becoming increasingly appreciated that the development process is a function of the innate forces in a society. Either a nation has got what it takes to build a dynamic economy or it has not. Nigeria has all the essential ingredients for a quick "take off".

The interruption of the civil war has provided an opportunity for the Government and people of Nigeria to set fresh goals and objectives for the Nigerian society. These national objectives must not only command a consensus providing an all-pervading motive force for social action and development activities, they must also fire the imagination of the nation at all times.

The nation's basic strategy should be to learn from the experiences and shortcomings of other countries in the world and to evolve for Nigeria a just and egalitarian society where the Government is guided by the aspirations of the people. Without the spirit of enterprise and self-reliance in the individual as well as in all national and local institutions, it is difficult to evolve in Nigeria a development-oriented society which is conscious of its responsibility to all its citizens and the peoples of Africa. In the context of contemporary world politics and technology, Nigeria cannot fulfil its role in Africa without a radical and militant programme of social action. The Government has, therefore, sought to lay the foundation for this type of society in the current National Development Plan.

National Planning should be aimed at the transformation of the whole society, and must be directed at the power centres of economic and political decisions. In the circumstances of Nigeria, a major segment of those centres from the point of view of development possibilities is still dominated by foreign interests. These interests cannot always be expected to coincide with those of the nation. The Government has, therefore, resolved that, in the formulation and implementation of the National Plan, all its policies and actions should be guided solely by the best interests of the people of Nigeria.

1. National Objectives

The war and the experience of the majority of Nigerians during the darkest days of the long drawn-out crises have demonstrated that Nigeria is no longer a mere "geographic expression". She has indeed emerged from the war as a united country. To enable the new nation to march forward in progress, it is necessary for the country to accept and work for the realisation of a set of national objectives. Every individual and every segment of the country and all persons in positions of trust must henceforth be guided in their utterances and actions by these national objectives. The National Development Plan should, in this context, be seen as the first in the series of plans and programmes of action to help achieve the agreed national objectives and priorities.

What Nigeria lacked most in the past has been the national sense of purpose, particularly in economic matters. The Federal Government will, therefore, occupy the commanding heights in the quest for purposeful national development and provide the leadership and honest administration necessary for the attainment of a national sense of purpose. Government intervention in economic matters designed primarily to protect and promote the public interest is, therefore, fully justified.

The five principal national objectives are to establish Nigeria firmly as :

(*i*) a united, strong and self-reliant nation ;

(*ii*) a great and dynamic economy ;

(*iii*) a just and egalitarian society ;

(*iv*) a land of bright and full opportunities for all citizens ; and

(*v*) a free and democratic society.

It is appropriate for the Government and people of the country to seek to give concrete meaning to these objectives and ensure their full realisation at all times.

The background to the basic issues in the country and the character of the civil war have all demonstrated the political necessity that Nigeria must henceforth remain a united nation. It must direct its energies towards evolving a strong and powerful nation capable of sustaining its territorial integrity against all enemies of Africa. The defence and security of the state must be geared to the objective of national unity and the evolution of a well-integrated national community. The pursuit of a strong and united nation, as a fundamental social aim, is the very antithesis of secession or the exploitation of ethnic group, class and similar sentiments. In a free and democratic society there will always be divergences of views. But the inevitably vigorous debates about the great political and social issues facing the nation must be conducted at all times in a healthy, open and sincere manner. All programmes of social action must be guided by the over-riding commitments of all citizens to the fundamental objectives of building a strong and united Nigeria.

In the context of modern power relations in the world and especially of the international threats facing the African peoples, Nigeria cannot be truly strong and united without a prosperous economic base. Material power exerts a disproportionate influence on international morality. Nigeria will, therefore, pursue relentlessly the task of development to make the national economy strong, dynamic and responsive to the challenge of world competition.

The country is fortunate in having the resource potential in men, materials and money to lay a solid foundation for a socio-economic revolution in black Africa. The uncompromising objective of a rising economic prosperity in Nigeria is the economic independence of the nation and the defeat of neo-colonialist forces in Africa. It is a race against time and Nigeria must bend its energies towards the achievement of the most rapid rate of economic development feasible as a means of raising the quality of the life of the people.

Emphasis has been placed on growth as a pre-condition for a meaningful distribution of the fruits of development. The "national cake" must first be baked before it is shared ; and the bigger the cake, the more it can go round at each succeeding round of the sharing game. But distribution is no less important for a country dedicated to the objectives of national unity and social integration. It also affects subsequent rates of growth in real output in terms of incentives for people to identify their interests with those of the nation and to give of their best to the development process.

A just and egalitarian society puts a premium on reducing inequalities in inter-personal incomes and promoting balanced development among the various communities in the different geographical areas in the country. It organises its economic institutions in such a way that there is no oppression based on class, social status, ethnic group or state. A distributive equity is, therefore, an important cornerstone in the set of national objectives for the Government's programme of reconstruction and social reform.

The ultimate goal of economic development is the welfare of the individual. The focus of our policy objective should, therefore, be on how the ordinary citizen is to be affected by the resulting set of action programmes and projects. The prospect of the citizen in the process of economic development and social change should not be determined by the mere accident of the circumstances of his birth. He should be able to have equal access to all the facilities and the opportunities which could help him realise his potential and develop his full personality. A sense of self-reliance and a sense of national pride are worthy objectives which the Government believes the average Nigerian wishes to cultivate. But he can only do so in an atmosphere of expanding opportunities for full employment, for education and for self-fulfilment. The nation will, therefore, remain fully committed to the achievement of these objectives at all times.

The war has brought home forcefully the important lesson that Nigeria's strength lies in the abundance of its resources, the size of its market and the innate dynamism of its people. It is, therefore, a primary objective of policy to promote and maintain at all times the indissoluble unity and interdependence of the national economy. The logic of a fully-integrated economy is the national application of economic policies, the unhindered mobility of production factors across areas and sectors, and the free access of every producer to the national market. It also implies the harmonisation and effective co-ordination of all policy measures by all decision makers for consistency, clarity and workability.

The changing pattern of the world economy and the increasing concentration of world's economic and political power poses a great challenge for Africa, which Nigeria cannot ignore. Nigeria will, therefore, quicken its pace of development through the use of her own resources instead of relying unduly on external aid. This is the only way for an aspiring nation like Nigeria to develop at a rapid rate and in the right direction.

The volume of resources which can be raised by a community is a function of what the proceeds are used for as well as how they are used. Honest and dedicated leadership can go very far in stimulating a greater sense of sacrifice in a community and thereby sustain a successful self-reliant development. Economic nationalism today does not imply the restriction of international trade. It is directed at the progressive elimination of foreign dominance in the national economy, not merely in terms of nominal financial-ownership but really in terms of the level of managerial and technological control.

Experience through history has shown that a Government cannot plan effectively what it does not control. The widespread frustration of planning in contemporary Africa has also demonstrated the futility of partial planning that is restricted to public sector programmes, especially when the typical African public sector is an inferior junior partner in a game dictated by the global strategy of modern international combines. If Nigeria is, therefore, to be really serious about planned development, it is essential that she should play a dominant role in the public sector. This means having both access to and control of all the major national resources. For a minimum, resources such as land, mineral deposits and other natural endowments, must be owned by the nationals of the country. But more important than legal ownership is the effective control over the use of such vital resources. During the Plan period, Government, will, therefore, seek to regulate the use of those resources for the benefit of the community at large as well as to control the essential and growth-sensitive sectors of the country in the fields of commerce, industry, fuel and energy, construction, transport, finance and education.

For a country that has lagged so much behind in the development race and yet with so much widely-recognised potential, the need to achieve the highest possible growth rate of per capita income is so obvious to need restatement. Strictly speaking, rates of growth in per capita income are not direct operational targets as they do not constitute an end in themselves. They flow as the end-result of the optimum exploitation of real variables—growth of knowledge of natural resources, intensity and character of innovation, level of savings, character of investments, quality of manpower, managerial ability and the degree of productivity consciousness. Various calculations reflected in different parts of the Development Plan indicate that, as an objective of policy, Nigeria is capable of achieving a minimum average rate of growth, in the Gross Domestic Product, of 6.6% per annum during the period 1970-74. But more important than this growth rate would be the extent to which the economy can succeed in removing the various obstacles to an even higher growth rate from 1974 onwards in later plan periods.

An important element of social justice for national integration is the worthy objective of balanced development as between different geographical areas of the country. The reduction of existing disparities must be pursued openly, although this cannot be accomplished at the cost of stagnation in areas which are presumed to be relatively more developed. To do so would be to slow down the rate of development for the national economy as a whole. The objective is to move rapidly to the achievement of a minimum economic and social standard for every part of the country. A corollary for such a policy objective in a federal system of government is the principle of relatively equal developmental effort and sacrifice as among the geographical areas concerned.

Full employment of resources, especially of the labour force, is the necessary policy objective for an economy dedicated to rapid growth and social harmony. The existence of excess capacity means resource waste and lost economic opportunities which an economy like Nigeria can ill afford. This is true not only of investment capacity, but also, even more strongly, of the nation's human resources. Commitment to a full employment policy implies that Government accepts responsibility to create, on a continuing expanding basis, the appropriate socio-economic environment for maximum utilisation of productive factors. It does not mean an obligation on the part of Government to find wage employment for everybody irrespective of his skill, wish or aspiration. It is essential that all citizens of working age are gainfully occupied according to the requirements of the economy and their skills.

The quality of life in a community depends partly on the level of social services which, collectively, the public sector can provide as social goods. In Nigeria, education and health facilities are at present the most important of such social services ; and they are areas in which the Governments have been active in the past. In many well-ordered and economically advanced societies, such goods are supplied free to the citizens at the expense of the community at large. Nigeria is not yet in that happy position. The public sector is neither sufficiently endowed nor adequately organised to treat all social services as free goods without impairing the rational use of available resources for development. The level of such free social goods to be made available must therefore, be related to what the economy can bear, consistent with its steady growth. In

Nigeria today, the level of the social services and the magnitude of investment in education and health must, to a large extent, be determined by how much is available to the Governments and to what extent the people who expect to benefit directly from the services are themselves prepared both individually and collectively, to contribute to such services. In general, however, Government continues to accept as a basic objective of policy the primary responsibility for the mental and physical care of all the citizens.

A fast growing economy is often subject to strong inflationary pressures. Not all forms of inflation are bad, and experience in different parts of the world has shown that some forms of inflationary pressure can even be beneficial to the development process, given skilful planning and management of the economy. Some degree of inflation is, in any case, inevitable in the dynamic conditions of economic growth. Government, nevertheless, accepts it as an objective of policy to keep inflationary tendencies within reasonable bounds not only because of the competitive survival of Nigeria in international trade and payments, but also because of the need to preserve the external value of the Nigerian currency in the international trading community.

2. Development Priorities

Every economic activity, which is likely to promote development in Nigeria's circumstances deserves high priority. It is, nevertheless, necessary for the nation to set out clearly its priorities in order to ensure that all the investment decision units in the economy operate on the same wavelength and within the same framework of expectations.

In the 1970-74 Plan period, the highest order of national priorities is accorded to agriculture, industry, transportation and manpower development. This means in effect that Government will allocate a great part of the resources to these sectors of the economy in order to generate the necessary impetus for growth. In the second order of priority rating are social services and utilities such as electricity, communication and water supplies, where investment resources will be channelled to sensitive points in order to maximise the utilisation of existing plants and eliminate excess capacities. Except Defence and Security which are in a class by themselves, the other services will be regarded as belonging to the third order of priority. It is customary for defence and security investment proposals, as the situation demands, to be accorded a priority which is *sui generis*, and in the existing post-war situation, their rating can be regarded in principle as being among the first order of priority. However, it is absolutely essential to ensure that the proportion of available resources channelled to defence and security is not so high as to incapacitate the nation's productive capacity and to paralyse the economy. Otherwise, there will be nothing left for the Armed Forces to defend or protect.

The national scale of priorities has been duly adjusted marginally at the State level to accommodate differences in the stages of development and in the varying ecological and social conditions. Thus, manpower development in one part of the country may entail the rapid expansion of primary school education, while in another area it may mean concentration on secondary and technical education, and yet in another, it may involve the rationalisation of university education. The basic objective in all three cases is, of course, to upgrade the level of available manpower for self-fulfilment and full employment. Again, in the field of health services, it may be necessary to treat the provision of health facilities as the topmost social-sector priority in an area where they are non-existent, whereas in others, it may be a question of providing the personnel required for the optimum utilisation of existing facilities. These spatial differences in priorities are reflected in the various States programmes.

It is relatively easy to determine sectoral priorities. It is more difficult to reconcile such priorities with the selection of projects and programmes which satisfy the investment criteria laid down in the next Chapter on Planning Strategy. The difficulty arises where well prepared projects are available in a "non-productive" sector which cannot easily attract development finance from domestic and external sources, while attractive and productive sectors do not immediately have such viable projects. It is relatively easy, for instance, to prepare and design building programmes for the construction of barracks and schools, but it is relatively difficult to raise the long-term development finance for such projects. On the other hand, agricultural and industrial programmes generally create their own funds, but it is not always easy to identify and develop viable projects for such purposes. The answer lies in providing more resources for the planning, designing and engineering specifications of new projects in the priority sectors. This has been done in the Plan for major infrastructure projects such as Roads and Bridges.

In the light of the major constraints of foreign exchange and high-level manpower, the following are the specific and ordered priorities which have guided the selection of programmes and projects in the various sectors of the Plan :

(*a*) The reconstruction of facilities which have been damaged by the act of war or which have fallen into a state of disrepair and lack of maintenance, in such a way that the nation's productivity capacity may at least be maintained intact ;

(*b*) The rehabilitation and resettlement of persons displaced by war ;

(*c*) The rehabilitation and resettlement of demobilised Armed Forces personnel ;

(*d*) The establishment of an efficient administrative service and of appropriate economic infrastructure especially, in the new States ;

(*e*) The correction of defective existing public policies in the area of economic development, with a view to ensuring a higher level of rationality and mutual consistency ;

(*f*) The achievement of a rate of growth of per capita output sufficiently high to bring about a doubling of *real* income per head before 1985. As a beginning, an average rate of 6.6 per cent per annum in the Gross Domestic Product has been set as a minimum target for the 1970-74 Plan ;

(*g*) The deliberate creation of opportunities for gainful occupation, at a level capable of reducing the rate of unemployment and disguised unemployment in a significant manner ;

(*h*) The production of the high-level and intermediate-level manpower (especially in Science and Technology) to satisfy the requirements of the public and private sectors, such that the majority of expatriate personnel in the economy, especially in industry and commerce, would be replaced by nationals by 1980 or soon thereafter ;

(*i*) The progressive improvement of knowledge about the economy's resource endowment, through the establishment of schemes for resources inventory survey ;

(*j*) The promotion of balanced development between one part of the country and another and, especially, between the urban and rural areas ;

(*k*) The rapid improvement in the level and quality of social services provided for the welfare of the people.

CHAPTER 5

PLANNING STRATEGY

The fundamental rationale for a planning approach to economic development is the belief that it would ensure a higher rate of growth and a more equitable distribution of the fruits therefrom than would otherwise be possible. If the performance of the national economy, left on its own, falls short of the nation's objectives, priorities and potentially available resources, the belief is that a better planning strategy will eliminate that gap or deficiency. On the basis of the nation's past planning experience reviewed in Chapter 2, it is clear that a better planning strategy is called for in the task of transforming the Nigerian society as fast as possible. This need is heightened by the socio-economic aftermaths of the civil war and underscored by the new set of national objectives and priorities set out in Chapter 4.

In a broad sense, the general purpose of planning in Nigeria remains the same as stated in the first National Development Plan, 1962-68. "The basic objective of planning in Nigeria", it was pointed out, "is not merely to accelerate the rate of economic growth and the rate at which the level of the population can be raised ; it is also to give her an increasing measure of control over her own destiny....... Nigeria should be in a position to generate from a diversified economy, sufficient income and savings of its own to finance a steady rate of growth with no more dependence on external sources for capital or manpower than is usual to obtain through the natural incentives of international commerce". But the present Plan goes even further and recognises explicitly the possibilities of using planning as a deliberate weapon of social change by correcting defects in existing social relations in various spheres of production, distribution and exchange.

1. The Basic Planning Problem

The basic problem facing development planning in Nigeria in the early 1970's is how to revive the post-war economy such that it grows with greater speed and more confidence in the future. That, essentially, is what the present Reconstruction and Development Plan for 1970-74 is about. It starts from the position that the civil war only worsened an already defective economic structure both in terms of capital formation and resource utilisation. It then seeks to correct, through comprehensive planning, the various defects by a combination of policy reforms and new direct public investment programmes. Given the serious set-back of 1966-69, the Plan views the first half of the 1970's as one of progressive accelerating growth in output, income and employment. Starting from a low per-capita income growth rate, the economy is seen as picking up speed with each successive year of the Plan period on to a path which is both higher and different from the pre-war years.

This vision of the economy over the next four years is predicated on the fact that the policy and capital distortions are severe in the early stages of the Plan, but that they will ease off as the Plan makes its impact on the economy through the Plan period. The civil war has brought considerable loss of, or damage to, the nation's stock of capital assets. The social dislocations and resource diversion caused by war has also meant a weakened productive capacity, especially of infrastructural facilities. There were revenue losses and investment opportunities foregone. The external resource position was also becoming very tight.

Given the magnitude of the problem of post-war revival, the very tight financial resource likely to be available and the set of national objectives and priorities, it is evident that proper care must be exercised in conceiving and implementing the various reconstruction programmes

This becomes doubly important when we recall defects in pre-war economic policies and investment projects. Replacement of assets cannot be undertaken indiscriminately simply because they have been damaged by war action. Because of its capacity-generating effect, any investment project implemented commits the future performance of the national economy to a definite pattern. Damaged assets need therefore not necessarily be replaced at all, or replaced in the same place and of the same design in scope and quality. Linkage effects of replacement assets are very important to the development process. The crucial test for replacing an asset, and if so in what form, is thus the probable net contribution to the growth of the economy that would accrue from it over its expected life.

What is even more important, in this context, is the timing problem. Given the enormous size of capital scrapping necessitated by war and the low level of available investment funds, the bulk of gross investment expenditure is likely to be absorbed by the need for capital replacement, and the resulting net investment rate that is so crucial in the development process would be very low. This can only be mitigated by a careful spreading of the replacement component of total capital formation over the Plan period, undertaking first, those with the highest linkage and growth effects. Indeed, it might be necessary to postpone some of the more marginal cases till the next Plan period. For 1970-74, the priority candidates for asset replacement are those with the highest net investment value, shortest gestation period, and the greatest output and employment potential. This means that the Plan conceives of reconstruction only as an integral part of general national development.

2. The Growth Mechanism

The Plan can only succeed if the response mechanism of the national economy is understood as a framework for decision-making. Over the last decade, and especially over the war years, it has become increasingly clear that the Nigerian economy is gradually more dependent on domestic spending and on government policy for its motive force than on the export of agricultural produce. Structurally, the Nigerian economy has from the early 1960's, been depending more and more on its own domestic steam. The prime movers were showing glimpses of change from agricultural exports to home industries, food production and public policy. In the post-civil-war decade, petroleum will become increasingly important directly for both the balance of payments and government revenue, and indirectly for income propagation through its impact on general capital formation financing.

Growth of the rural sector in Nigeria is more a process of mobilising under-utilised and non-utilised land and labour. With better commodity price incentives, the peasant farmers respond with higher production through increased labour input but without much significant change in existing land-intensive production technique. Value productivity in agriculture thus increases partly by changes in the commodity mix of what the peasants produce, partly by increased productivity per man resulting from the increasing sacrifice of leisure, and partly by marginal improvements in physical output per man-acre or per man-day resulting from slowly changing production technique. Albeit, the higher incomes thus received by the peasant farmers from export produce, food products and industrial raw materials have a radiating effect on the rest of the economy, especially as transport and distribution facilities improve and open up more remote areas. The role of the rural sector in the development process is particularly remarkable in the use of the agricultural surplus which it generates. Through the fiscal manipulation of the Marketing Boards, this substantial surplus helps in financing a significant part of capital formation in the public sector.

Given the size of the national market, the degree of urbanisation and the character of the labour force, the potential for industrial expansion as a leverage for economic growth is quite strong in Nigeria. In spite of rising agricultural output, the internal terms of trade is still more favourable to the urban sector and provides further impetus for greater investment in urban-type activities. Over the last two decades, the growing points which have sustained the national economy were to be found increasingly in industry, construction, transportation, communication, fuel and power, petroleum and higher education. Correspondingly, the need for articulate public policy and development planning has become increasingly important for effective mobilisation and rational utilisation of resources.

3. Main Character and Timing of the Plan

From the foregoing, it is easy to appreciate why the present Plan must be designed for the purpose of stimulating the development process through reconstruction. It is also clear why the Plan is conceived in two inter-related parts : as a set of policies and as a set of investment programmes. The policies are again of two interdependent types : general policy instruments with all-pervading influence throughout the economy, and specific sector policies. The general policies are covered in Chapter 8 and the specific policies are discussed in the relevant sector programmes of Chapters 10-26. The combined effect of the policies and programmes is reflected, in the short-run, through the National Account projections in Chapter 6. But it is evident that its influence on the growth of the national economy will be far longer and wider than the terminal period of the Plan. It is important, therefore, that the Plan should be viewed as part of a series of Plans within a perspective framework. Planning is a continuous exercise ; and the group of annual, medium-term and perspective plans must necessarily be seen not in a discrete but in a continuously integrated process.

The Plan views the whole national economy as one interdependent unit, growing through time in response to a set of mutually consistent policies and programmes. It starts from the position that total developmental resources must be mobilised and allocated by reference to common decision criteria that run through all sectors of the economy. To facilitate co-ordination and integration, it stresses the importance of each sector having knowledge of the probable developments in other sectors of the national economy. This is particularly evident in the modest beginning made in integrating the private sector into the Plan picture for the first time.

The life-span of four years given to the Plan is not as arbitrary as it may appear. True, it does not conform to the more common five-year medium-term plans of recent and current international experience. It also departs from the six-year precedent which the first National Development Plan of 1962-68 seemed to set. The experience of a national civil war is unique in Nigeria ; and the problems of post-war revival demand both determination and tact. A period of four years is judged to be the most appropriate in overcoming the bottlenecks of reconstruction and in launching the economy onto a normal and better path of development. It takes a long time for any war-affected nation to eliminate all scars of war. But it is expected that four years is sufficiently long in Nigeria to reverse the main economic and social frustrations of the late 1960's. The period is also sufficiently short to sustain the spirit of reconstruction, self-sacrifice and hard-work which is necessary for the people to identify themselves with the Plan as an inevitable consequence of war. The Plan's duration is thus geared to utilising readily the anxieties, efforts, hopes, consciousness and readiness of the people for greater productive activity, spurred by the memories of war.

4. Criteria for Investment Programmes

The choice of investment strategy is determined by the nature of the problems inherited at the commencement of the Plan, the workings of the economic system and the future path which is judged to be both desirable and feasible for the economy to follow. By the very nature of the post-war economy, it is not realistic to select a unique target rate of growth for the economy throughout the Plan period. Rather, a set of accelerating rates was selected to reflect the nature of the reconstruction process and the capability of the system to respond positively to changes in policy and additions to the productive base. If this non-linear vision must be approximated to a single growth rate, then it can be stated that the economy is expected to grow *on the average* by about 6.6 per cent per annum.

It is expected that this growth rate of the gross domestic product will be achieved by a combination of more intensive capacity utilisation and an increasing rate of capital formation. Gross domestic capital formation will average about 20 per cent of the gross domestic product over the period. Two-thirds of the capital formation are scheduled to come from a greater domestic saving effort deriving from a combination of government fiscal measures and household saving-investment responses in a setting of rising income opportunities. It is hoped that the inherent inflationary pressures in the system will be contained to keep the average annual rise in the general level of prices to about 1.5 per cent. Depending on the probable size of the aggregate incremental capital-output ratio and the probable rate of population growth, the Plan envisages that at its terminal period in 1974, per capita real income would be growing by at least 3.5 per cent.

The overall growth rate for each year has been translated to a set of target rates for the individual sectors, on the basis of what is known about the probable performance, policy inputs and expected additions to productive capacity in each sector. Inevitably, the differential sector growth rates reflect the structural changes expected in the composition of capital stock and relative profitability, with their impact on the changing pattern of gross domestic product as reflected in Chapter 6.

A planning strategy that views the movement along the growth path as one of increasing speed must pay particular attention to relative investment yields as a basis for project selection. The general approach to investment analysis adopted for the Plan is the well-known Social Cost—Social Benefit ratio, taking intuitive account of interdependencies and following the pattern of national priorities already set out in Chapter 4. A format for such an analysis was prepared and applied to as many projects as possible. In addition, the Net Present Value measure was adopted as a basis for evaluating projects. An average rate of 6 per cent was used for discounting the streams of costs and benefits, as representing the opportunity cost of using public-sector investment resources and as a guide for achieving the overall growth path postulated for the economy. Attention was called to the importance of taking account of both monetary and non-monetary aspects of the cost-benefit streams. Cognisance was also taken of scarce key resources like foreign exchange and high-level manpower, in addition to the severe budgetary constraint in the early years of the plan.

These techniques of project appraisal and selection were applied as far as possible, considering the very serious limitations of data availability, time and planning personnel. Over some wide sectors, it has not been feasible to do more than exercise informed judgments about the admissibility or otherwise of candidate projects. But all round, the rules and procedure for implementing the Plan as set out in Chapter 35 require the use of these techniques in articulating the projects before actual commitment of funds.

The spirit behind the selection, and hence the implementation, of projects in the Plan is that apart from the general Cost-Benefit analysis based on the Net Present Value, each project should be considered from the viewpoint of a financial budget, a foreign exchange budget and a manpower budget. These budgets are directly related to the problem of resource allocation in the three critical areas of shortage over the Plan period. The projects are also selected to flow logically from the policy measures proposed to be undertaken in the respective sectors. One vital element that runs through all the projects selected is the probable direct impact they can make in removing the various bottlenecks, imbalances and distortions exhibited in the post-war economy. Through that impact, the projects would be laying the foundation for a faster and healthier development of the national economy.

On the basis of the foregoing analysis, the following criteria have, in summary, governed the identification and selection of the various investment programmes and projects for the present Plan :

(*a*) Completion of committed projects already being substantially implemented.

(*b*) Repair of physical damage, particularly transportation links and the re-establishment of services essential to economic activity.

(*c*) Resettlement and rehabilitation of demobilized armed forces personnel.

(*d*) High employment potential

(*e*) Increased production of food and export crops which will dampen inflationary pressures at home and boost our foreign exchange earnings.

(*f*) Removal of inter-sectoral bottlenecks mainly in the field of transport and communications, and of fuel and power.

(*g*) Full utilization of existing investment and infrastructural facilities.

(*h*) Promotion of greater social welfare and harmony among different communities, especially where they contribute to the upliftment of the individual or enhance the quality of rural life.

(*i*) Import substitution.

CHAPTER 6

NATIONAL ACCOUNTS

The emphasis of this Plan is on the development of a comprehensive and interrelated set of policies, projects and programmes of action. Model building of theoretical growth processes has not been given a pride of place, except to the extent that it may help to throw marginal light on some operational problems of development policy. National accounting has therefore been used, not so much as a prop for a particular growth model, but as a macro-economic frame of reference for checking the internal consistencies of the Plan. Whatever the limitation of national accounting in practical planning and the development process, its usefulness for testing the reliability and mutual validity of various policy assumptions cannot be over-emphasised. Specifically, it helps in the build-up of total available resources and in the analysis of their alternative uses. It indicates the structural implications of various sectoral bottlenecks and links the domestic economy more meaningfully to changes in the rest of the world economy. It also shows up the main dynamics of development as the economy moves forward through time.

1. Performances

After two decades of efforts, the country's national accounting has scarcely gone beyond the estimation of the gross domestic product. Expenditure tables can be compiled without much difficulty ; but there are no reliable income table by factor payments. With such gaps in conventional national income accounts, it is still a long way from an integrated set of social accounts complete with input-output tables, flow-of-funds accounts and national balance sheets.

All these impose severe limitations on the kind of analytical techniques at the disposal of planners and policy-makers in Nigeria. In preparing the present Plan therefore they had to rely heavily on the recent performance indicators of the economy as their points of departure. Some of these have been sketched in a general way in Chapter 3 on The War Economy. Here, it is only necessary to have a closer look at the level and composition of the gross domestic product during the 1960's.

Table 1 shows the gross domestic product at factor cost, measured in current prices for the 1962-68 period of the last national development plan. The data for the last year of the table 1967-68 deserve some comment. They refer to an abnormal war-time year. The original preliminary estimate by the Federal Office of Statistics has been adjusted to include activities based in the war-affected areas of the country. In spite of the adjustments, the figures are still provisional. Apart from manufacturing and crafts, electricity and water supply, and other services, the economy's level of activity was consistently lower than the preceding year 1966-67. It is significant, however, that for every year of the past plan period, the level of activity achieved by the economy was higher than the plan's projection. The year 1963-64 showed the highest growth rate, followed by 1965-66. On the other hand, 1967-68 was the worst year with an overall decline of about 5 per cent. Table 2 sets out the changing composition of the gross domestic product during the last plan period. The general declining relative importance of agriculture and allied activities is unmistakable. The gaining sectors were mining (before 1967-68), manufacturing and crafts, building and construction. The share of the transport sector fell, and the performances of public utilities, distribution and communication were rather uneven.

The corresponding data to Tables 1 and 2 in constant prices are set out in Tables 3 and 4 respectively. A comparison of the current prices and constant prices tables shows that the implicit average level of prices rose by between 1.5 per cent and 2.0 per cent over the last plan period. The period of greatest price rise (2.7 per cent was 1967-68 and of the lowest price rise (0.4 per cent) 1965-66. Surprisingly, the price level appeared to have fallen by about 1.7 per cent in 1963-64. This could be traced to the fact that the first year of the plan, 1962-63, was a year of unusually high level of prices. This consideration shows the general unsuitability of the choice of 1962-63 as the base year for measuring constant price gross domestic product. The implicit lower prices of 1963-64 are indicative of the fall that year in the level of commodity prices for agricultural products and tin. The average cost of building and construction also declined during the period.

Other characteristics of the national accounts of the 1962-68 period include the following broad features ; the gross domestic product at market prices was greater than the gross domestic product at factor cost by between 6 per cent and 7 per cent, the difference being made up mostly by indirect taxes. The gross national product at market prices was between 99.5 per cent and 97.5 per cent of the gross domestic product at market prices, with a fairly noticeable tendency for the ratio to decline. This is a reflection of the increasingly important role of non-nationals in the economy as measured by the net factor payments paid to the rest of the world. The gross fixed domestic capital formation proportion increased from about 10 per cent to about 13.5 per cent within the period. Similarly, the savings-income ratio increased from about 10 per cent to 13.5 per cent. Correspondingly, consumers expenditure as proportion of the gross national product fell from about 86 per cent to 80 per cent, while current public expenditure on goods and services remained almost stable at 6 per cent. Net foreign investment fluctuated between 1 per cent and 4 per cent of the gross national product. From these indicators it is clear that both government consumption and capital formation were lower than the ratios projected by the 1962-68 plan, in spite of the fact that the achieved growth rate of the gross domestic product was generally better than anticipated.

2. Gross Domestic Product

The projected gross domestic product at factor cost measured in current prices is set out in Table 5 for the period 1968-74 for each major activity sector and for the economy as a whole. The growth rates assumed in each case are based on an assessment of the productive capacity of each sector up to 1967 ; the differential impacts of the end of civil war since January 1970 ; on the probable performance of various sectors ; and on the nature of policies, programmes and projects in the current Plan to the extent that they will begin to make impression on the actual production in each sector during the period of reference.

Without yet allowing for changes in the general level of prices, it can be observed from Table 5 that the growth rate of the gross domestic product is expected to rise from 2.9 per cent in 1968-69 to about 11.0 per cent in 1973-74. The mining sector is projected as the fastest growing sector, reflecting the vigour of post-war revival in petroleum production. Manufacturing and crafts sector ranks second in probable sectoral growth rates. The increases in growth from the low depths of the civil war period are, however, more dramatic for communication and social services. In terms of investment pattern, the transport sector looms large in its claim on resources for capital formation, with a relatively lower rate of growth in value added. This is partly due to the replacement nature of much of the fixed investment expenditure on transport and partly due to the generally longer gestation period of such expenditure before they are manifested in output growth.

The percentage distribution of the value data in Table 5 is set out in Table 6 to indicate the structural changes in the gross domestic product. The declining trend of the relative share of agriculture and allied activities, which had been evident in the 1960's, becomes even more marked as the 1970's proceed. The great force of petroleum in the national economy is evidenced by the probable magnitude of its share in the gross domestic product from about one-thirty-fifth in 1968-69 to about one-eighth in 1973-74. The other notable fast growing point of the economy is the manufacturing and crafts sector. The gains by mining and industrial activities are generally at the expense of agriculture and distribution activities.

Although there is no absolute decline in the contribution of agriculture and allied activities to the gross domestic product, it might be wondered why the rate of growth in the sector is the minimum and ostensibly low. Part of the explanation lies in the expected lower level of agricultural prices relative to the changing price levels in other sectors, such that the increased volume in agricultural production does not yield corresponding increase in the valuation of output at current prices. This is reflected somewhat in Tables 7 and 8, presenting a similar picture of the changing gross domestic product at constant prices. A comparison of Tables 6 and 8 show, for example, that the relative share of agriculture and allied activities in the gross domestic product is on the average higher at constant than at current price valuation over the Plan period, 1970-74. Another part of the explanation is in the expected changing quality of output within the agricultural sector itself. Within the same total value of output, the various policies, programmes and projects to be undertaken during the Plan period aim not only at increasing aggregate output, but in altering the products mix such that more nutritive and better quality commodities are produced. A good example is the emphasis on grains with high protein content as well as livestock and fish, as opposed to carbohydrate root crops. Other factors include the fairly long investment gestation period in certain areas of the sector (as in the case of tree crops and forest products, or the training of suitable rural extension service workers) and the risk element involved in agricultural production from the vagaries of nature. If in the end the assumptions underlying the projections turn out to be more optimistic, then the growth rates for agriculture and allied activities will be higher, and hence those of the gross domestic product.

3. Price Changes

The analysis of price level changes in Nigerian national accounts is compounded by a number of problems. First, the basic data themselves are not too strong on reliability and consistency. Second, the choice of 1962 as base year for constant price valuation has turned out to be questionable in terms of stability properties. Finally, it is methodologically open to doubt whether to relate the difference between current and constant prices valuation in each year to the 1962 base price in measuring the price index, or just to take the simple difference as the implicit price change. The second alternative has been adopted in the current analysis because of its basic simplicity and ease of comprehension.

It is clear that the war years were an abnormal period in terms of price level. Even by the simpler method adopted here, the implicit rise in the general level of prices was between 2.0 per cent and 3.0 per cent during the war years, as opposed to the "normal" level of approximately 1.5 per cent per annum. Accordingly, the degree of inflationary pressure in the economy was tailed off from the war-time peak to a 1.5 per cent level by 1971-72, at which point it is then stabilised. It is important to point out that even at this level, the degree of price rise is still higher than the average level of about 1.0 per cent before the war.

Furthermore, when it is recalled that the 1962 base year prices were generally high, the cumulative effect of an annual 1.5 per cent rise in price level is fairly high. Partly for the unrepresentative nature of the 1962 base and partly because of its length in time removed, there is need to select a new base year for national accounting in Nigeria. The year 1972 would suggest itself as the most suitable candidate. Such a choice will also not only give the Federal Office of Statistics sufficient time to plan well for the necessary surveys, but also serve as a good point of departure for planners in working on the post 1974 development plan. To this end, the Government will appoint a team of experts to undertake a comprehensive survey of the country's national income and social accounting system.

In terms of sectoral differences, agriculture and allied activities show a level of price rise over the Plan period lower than the general price rise for the economy as a whole. Transport and communication also manage to have a price profile similar to or slightly less than the national average. On the other hand, mining, manufacturing and crafts, electricity and water supply, building and construction as well as distribution, all have price rises greater than the price movement in the gross domestic product.

In real terms (that is to say implied changes in volume of production), the economy is projected to rise from the negative of 7.6 per cent fall in the gross domestic product in 1967-68, through the lowly positive 0.9 per cent of 1968-69, reaching, by 1970-71, the pre-war average level of 4.7 per cent. Henceforth, the real rate of growth is expected to accelerate to 6.3 per cent in 1971-72, 7.9 per cent in 1972-73 and 9.5 per cent in the Plan's terminal year, 1973-74

4. Gross National Product

So far, the projections of national accounts have been discussed in terms of gross domestic product at factor cost. To get a better perspective of the development effort by nationals over the Plan period, two modifications must be introduced. First, the gross domestic product at factor cost must be converted to the gross domestic product at market prices. Second, this new valuation must be further converted to the gross national product at market prices.

The first step in the exercise is presented in Table 9. There are two versions of the Table, (*a*) and (*b*), indicating alternative methods of calculating the gross domestic product at market prices from different sets of projected data. The (*a*) version has been adjusted to agree with the (*b*) version by inserting a row of estimated errors and omissions. These adjustments vary from a virtual 0 per cent in 1973-74 to the highest margin of 3.2 per cent in 1971-72, averaging a permissible low level of 1.6 per cent for the whole Plan period. The errors and omissions in the first three years of the Plan are likely to come from two sources. Some sectors of the economy (notably agriculture and allied activities) may perform better than anticipated if both natural conditions and prices are good. Indirect taxes may also yield higher revenues if the tax administration is improved.

The second step in the calculation of the gross national product at market prices is to allow for net factor payments to the rest of the world. This is shown in Table 10. The factor payments which Nigeria is likely to make abroad being much greater than the factor payments likely to be received from other countries, it is not surprising that the gross national product at market prices is consistently lower than the gross domestic product at market prices. Indeed, the position might be possibly much worse than the Table would suggest, because theoretically another deflator could be applied to take account of the worsening terms of trade against a country like Nigeria vis-a-vis the rest of the world.

But what is probably more significant from a policy standpoint is the apparently worsening position of the relative contribution by Nigerian nationals in the country's development. It had been stated earlier that before the civil war, the ratio of gross national product to gross domestic product (both at market prices) varied between 99.5 per cent and 97.5 per cent. For the present Plan period, the projected ratios indicated by Table 10 do not only maintain the downward trend, but (at an average of 91.4 per cent) are much below the pre-war level. This reflects the increasing intensity of participation by non-nationals in the country's development and the increasing leakage which remittances to their home countries represent for the Nigerian economy.

5. External Transaction

For a country like Nigeria with a large and exposed external sector, with an increasing involvement by non-nationals in the development process and with a serious foreign exchange pressure in a period of post-war reconstruction, careful attention must be given to the projection of balance of payments.

The projection of export earnings from non-oil trade is set out in Table 11. It is a result of combining probable changes in the volume and unit price of each commodity for each year of the Plan period. In general, most commodities show increases in export volume over the Plan period, the exceptions being raw cotton, timber and hides and skins. The volume of tin metal is also at best stagnant. As for prices, only groundnuts, palm oil, timber and hides and skins are likely to show modest increases. The prospects for the prices of cocoa, palm kernels, rubber and tin do not appear cheerful during the Plan period. In general, the expected increases in volume are just adequate to contain the expected falls in price, thereby leaving probable export earnings from the non-oil trade a little better than stagnant. Together, the major staple export commodities—cocoa, groundnuts and palm produce—would still account for about 70 per cent of the expected total non-oil export earnings. The projected gross export figures for the oil trade are shown in row 5 of Table 13.

The probable import picture for both oil and non-oil sectors of the economy is set out in Table 12. Not only would the import of capital goods constitute the largest group of transaction, they account for an increasingly larger proportion of total. Consumer goods (durable and non-durable) follow in the order of relative importance. Partly as a result of liberalisation of war-time controls and its effect on pent-up demand, and partly as a consequence of the large replacement and growth investments needed during the Plan period, the rate of increase of the import trade has been set quite high, rising from 10.0 per cent in 1971-72 to 15.1 per cent in 1973-74. For capital goods, the rate is especially high, the corresponding figures being 15.0 per cent and 21.0 per cent.

All external transactions are summarised in Table 13, in respect of both oil and non-oil trades, both visible and invisible trades, both current and capital transactions, and both private and public sectors. The large deficits in the non-oil transactions are reduced but not eliminated by the oil transactions. The difference between row 9 (total visible import—vide Table 12) and row 2 (visible non-oil import) is accounted for by oil companies import, mostly of a capital nature. This helps to reduce slightly the unaccounted expenditure which the oil companies incur abroad. But even with that, the total financial impact by the oil industry on the economy (the impact being measured as the sum of all payments for premia, royalty, rent, profit tax and local capital and recurrent expenditures) only averages 61.9 per cent over the Plan period. It rises slowly from 59.0 per cent in 1970-71 to 64.0 per cent in 1973-74. There is little doubt that there is still room for more effective policy measures to raise the oil industry's impact on the economy in subsequent plan periods.

The item D—Unrequited Transfers—probably needs some explanation. On the credit side, they consist of various grants, subscriptions and technical assistance to public authorities from foreign governments and other inter-governmental bodies and foundations, as well as institutional grants to churches, schools, universities and voluntary associations. They also include remittances by Nigerian migrant workers abroad. On the debit side, the main components are the contributions by Nigerian public authorities to various international bodies, lump-sum compensations paid to foreign officials and all kinds of cash gifts, home-remittances, fees and sundry transfers by private persons and individuals. Row 12 in Table 13 only shows the net credit balance of the two movements.

Under item F, the main financial flows are indicated. Row 15 deals with the progressive clearance of war-time outstanding debit balances. To further strengthen the international value of the Nigerian pound, provision is made for reserve replenishment in row 16. The debt servicing deals with the amortization and interests of all external public debts, including any new debts which might mature during the Plan period. The other official obligations shown in row 18 consist mainly of contributions due to a number of international organisations like the International Monetary Fund, the World Bank and the African Development Bank.

The total picture of foreign capital inflow is presented in Table 14 for both the private and public sectors. The total inflow of capital in the private sector (foreign direct investment) represents about 50.6 per cent of the gross fixed investment in the sector over the Plan period for both oil and non-oil activities. This apparently high proportion arises from the peculiar way in which the external account for oil is recorded. For the public sector, however, the corresponding figure is only 19.4 per cent. Indeed, after allowing for debt servicing, the net foreign aid for the public-sector programmes amounts to a low 8.8 per cent. For the economy as a whole, the net inflow of £495.0 million over the Plan period, represents 31.0 per cent of the gross domestic capital formation; but if all foreign capital inflow is included gross, the proportion rises to 35.3 per cent. Although the figure of 19.4 per cent as the proportion of foreign aid in the public sector capital investment is a much more realistic but lower level than the 50.0 per cent anticipated in the first National Development Plan, 1962-68, it should be emphasised that the figure of £151.0 million in the present Plan refers only to the actual disbursement required to cover the probable foreign exchange gap.

6. Resource Use

The composition of total resources likely to be available in the Nigerian economy over the Plan period is set out in Table 15. Because of the import gap, the total available resources are slightly higher year by year than the gross domestic product at market prices. The difference averages 2 per cent over the Plan, varying from a low of 1.3 per cent in 1971-72 to a high of 2.8 per cent in 1973-74.

The allocation of the total available resources between investment and consumption and between the public and private sectors is shown in Table 16. The dominance of private consumption in total consumption is unmistakable. Consumption is, naturally, greater than investment. If defence capital expenditure is added back to the gross fixed investment figures, the share of the private sector in capital formation (51.1 per cent) is only slightly higher than the share of the public sector (48.9 per cent). If defence capital expenditure is regarded, on the other hand, as consumption, then the private sector accounts for a still higher proportion (52.9 per cent) of the economy's gross fixed investment over the Plan period. No provision has been made for inventory accumulation.

In terms of financing the total investment programme, there is, however, a net resource gap of £72.3 million. This can be seen from Table 17 in row 3. Although there is a total resource gap of £195.5 million in the first two years of the Plan, this is partly offset by the resource surplus of £123.2 million in the last two years of the Plan, thus giving a net gap of £72.3 million. This represents the amount of net Central Bank credit required to be pumped into the economy. Theoretically, this is the inflationary element in the financing of the Plan. But given the very short-term nature of the requirement, the economy's absorptive capacity and the post-war reordering of total money supply, there is little ground for fearing very adverse consequences of such rise in the general price level.

7. Investment and Consumption

The data on the probable investment and consumption expenditures are set out in Table 18. Consumers expenditure lies between 78 per cent and 79 per cent of the gross domestic product. Current public expenditure accounts for another 6.5 per cent to 7.5 per cent, and gross fixed investment from 16.8 per cent to 19.5 per cent. The balance is made up of net foreign investment, which is shown as negative because it represents net inflow. If the gross fixed domestic investment is related to the gross domestic product at factor cost (rather than the gross domestic product at market prices), the proportion rises to between 18.6 per cent and 21.2 per cent. Indeed, if inventory accumulation is included to get the gross domestic capital formation, the investment ratio would have been greater still.

Given the unique nature of the post-war economy, the need for replacement capital is very high. It is therefore not surprising that in a Plan designed for post-war reconstruction and onward development, the capital formation proportion should be high. In spite of the big magnitude of probable capital consumption (normal wear and tear of the nations' capital stock) and of capital adjustment (unusual wastage of capital stock through, for example, acts of war), the net capital investment is fairly impressive. There are no direct estimates of the net fixed investment. But given the implicit incremental capital-output ratio of 2.5 : 1 (either by relating the increase in gross fixed investment—£1,596.0 million—to changes in the level of the gross domestic product—£641.8 million, or by relating the capital formation proportion—20 per cent—to the average rate of growth at current prices—8 per cent), both the residual net fixed investment and the implicit productivity of capital must be fairly high.

These augur well for the future of the Nigerian economy.

TABLE 1

GROSS DOMESTIC PRODUCT AT FACTOR COST

CURRENT PRICES, 1962-68

£'million

Sector	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
1. Agriculture, Livestock, Forestry and Fishing	804.8	837.5	839.0	845.9	892.2	856.5
2. Mining	26.8	28.0	40.8	74.3	81.7	40.8
3. Manufacturing and Crafts ..	75.9	78.9	82.4	96.4	98.0	115.6
4. Electricity and Water Supply	5.1	6.5	7.6	8.0	8.4	9.1
5. Building and Construction ..	57.5	61.4	63.2	80.6	82.7	74.4
6. Distribution	161.1	191.0	208.2	216.4	216.1	209.6
7. Transport	55.0	62.9	63.2	58.0	55.5	52.7
8. Communication	5.9	6.9	8.4	9.8	10.0	8.5
9. General Government	51.3	52.[illegible]	54.6	54.0	54.0	49.1
10. Education	35.7	37.6	44.1	45.0	49.4	46.4
11. Health	7.2	7.7	9.8	10.3	9.7	9.6
12. Other Services	28.2	31.1	35.4	40.3	45.8	53.6
TOTAL ..	1315.4	1403.2	1457.0	1540.3	1605.0	1525.9

TABLE 2

GROSS DOMESTIC PRODUCT AT FACTOR COST

CURRENT PRICES, 1962-68

Percentages

Sector	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
1. Agriculture, Livestock, Forestry and Fishing	61.2	59.7	57.6	54.9	55.6	56.1
2. Mining	2.0	2.0	2.8	4.8	5.1	2.7
3. Manufacturing and Crafts	5.8	5.6	5.6	6.2	6.1	7.6
4. Electricity and Water Supply	0.5	0.5	0.6	0.6	0.6	0.6
5. Building and Construction	4.4	4.4	4.3	5.2	5.1	4.9
6. Distribution	12.2	13.6	14.3	14.0	13.5	13.7
7. Transport	4.2	4.5	4.3	3.8	3.4	3.4
8. Communication	0.4	0.5	0.6	0.6	0.6	0.5
9. General Government	3.9	3.7	3.7	3.5	3.4	3.2
10. Education	2.7	2.7	3.0	2.9	3.1	3.0
11. Health	0.5	0.5	0.7	0.7	0.6	0.6
12. Other Services	2.1	2.2	2.4	2.6	2.8	3.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 3

GROSS DOMESTIC PRODUCT AT FACTOR COST

CONSTANT PRICES, 1962-68

£ million

Sector	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
1. Agriculture, Livestock, Forestry and Fishing	804.8	870.8	866.7	870.9	869.5	817.3
2. Mining	26.8	31.3	47.5	82.4	114.4	51.5
3. Manufacturing and Crafts	75.9	76.8	78.8	91.7	93.1	108.9
4. Electricity and Water Supply	6.0	7.3	8.1	9.2	10.7	10.0
5. Building and Construction	57.5	66.0	65.0	80.0	81.3	72.3
6. Distribution	161.1	180.9	194.9	202.7	200.9	193.9
7. Transport	55.0	61.4	59.3	55.6	53.3	50.1
8. Communication	5.9	6.7	7.9	9.2	9.4	7.8
9. General Government	51.3	51.3	52.1	51.6	51.6	48.1
10. Education	35.7	37.8	43.0	43.7	48.2	46.3
11. Health	7.2	7.5	9.4	9.8	9.3	9.0
12. Other Services	28.2	27.9	30.7	36.2	41.4	47.2
TOTAL	1,315.4	1,425.7	1,463.4	1,543.0	1,583.1	1,462.4

TABLE 4

GROSS DOMESTIC PRODUCT AT FACTOR COST
CONSTANT PRICES, 1962-68

Percentages

Sector	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
1. Agriculture, Livestock, Forestry and Fishing	61.2	61.1	59.2	56.4	54.9	55.9
2. Mining	2.0	2.2	3.2	5.3	7.2	3.5
3. Manufacturing and Crafts	5.8	5.4	5.4	5.9	5.9	7.4
4. Electricity and Water Supply	0.5	0.5	0.6	0.6	0.7	0.7
5. Building and Construction	4.4	4.6	4.4	5.2	5.1	4.9
6. Distribution	12.2	12.7	13.3	13.1	12.7	13.3
7. Transport	4.2	4.3	4.0	3.6	3.4	3.4
8. Communication	0.4	0.5	0.5	0.6	0.6	0.5
9. General Government	3.9	3.6	3.6	3.3	3.3	3.3
10. Education	2.7	2.6	2.9	2.8	3.0	3.2
11. Health	0.5	0.5	0.6	0.6	0.6	0.6
12. Other Services	2.1	2.0	2.1	2.3	2.6	3.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 5

PROJECTED GROSS DOMESTIC PRODUCT AT FACTOR COST
AT CURRENT PRICES, 1968-74

£ million

Sector	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1. Agriculture Livestock, Forestry and Fishing	863.3	871.9	893.7	920.5	954.5	992.6
2. Mining	44.9	60.6	87.9	127.4	191.1	286.6
3. Manufacturing and Crafts	135.2	155.5	178.8	209.2	245.8	290.0
4. Electricity and Water Supply	9.5	10.3	11.3	12.4	13.7	15.3
5. Building and Construction	77.0	81.6	88.1	96.5	106.1	116.7
6. Distribution	211.7	215.9	224.5	234.1	244.6	256.8
7. Transport	53.0	53.5	55.6	58.1	61.3	64.8
8. Communication	8.6	9.0	9.9	11.2	12.8	14.7
9. General Government	51.1	55.7	57.9	60.5	63.2	66.4
10. Education	47.3	49.7	53.2	58.5	64.9	72.0
11. Health	9.8	10.5	11.3	12.4	13.9	15.6
12. Other Services	59.0	64.9	70.7	77.4	83.6	89.4
TOTAL	1,570.4	1,639.1	1,742.9	1,878.2	2,055.5	2,280.9

TABLE 6

PROJECTED GROSS DOMESTIC PRODUCT AT FACTOR COST AT CURRENT PRICES, 1968-74

Percentages

Sector	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1. Agriculture, Livestock, Forestry and Fishing ..	55.0	53.2	51.3	49.0	46.4	43.5
2. Mining	2.9	3.7	5.0	6.8	9.3	12.6
3. Manufacturing and Crafts ..	8.6	9.5	10.2	11.1	11.9	12.7
4. Electricity and Water Supply	0.6	0.6	0.6	0.7	0.7	0.7
5. Building and Construction ..	4.9	5.0	5.0	5.1	5.2	5.1
6. Distribution	13.5	13.2	12.8	12.5	11.9	11.3
7. Transport	3.4	3.2	3.2	3.1	3.0	2.8
8. Communication	0.5	0.5	0.6	0.6	0.6	0.6
9. General Government ..	3.2	3.4	3.3	3.2	3.1	2.9
10. Education	3.0	3.0	3.1	3.1	3.2	3.2
11. Health	0.6	0.6	0.6	0.7	0.7	0.7
12. Other Services	3.8	4.0	4.1	4.1	4.1	3.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 7

PROJECTED GROSS DOMESTIC PRODUCT AT FACTOR COST AT CONSTANT 1962 PRICES, 1968-74

£ million

Sector	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1. Agriculture, Livestock, Forestry and Fishing ..	805.8	801.8	809.8	826.0	850.0	880.6
2. Mining	55.6	68.4	95.8	134.1	187.7	266.5
3. Manufacturing and Crafts ..	126.3	142.7	162.0	184.7	212.4	246.4
4. Electricity and Water Supply	10.5	11.2	12.2	13.2	14.4	15.8
5. Building and Construction ..	73.4	76.3	80.1	85.3	92.1	99.9
6. Distribution	191.0	190.0	193.8	199.7	206.1	212.9
7. Transport	49.8	50.4	51.7	53.2	55.3	57.8
8. Communication	7.8	8.1	8.9	9.9	11.1	12.6
9. General Government ..	49.1	52.0	52.8	54.4	56.0	58.0
10. Education	47.3	49.2	51.4	54.5	58.6	63.3
11. Health	9.1	9.7	10.4	11.1	12.5	13.7
12. Other Services	50.5	54.0	56.7	59.8	62.7	65.8
TOTAL	1,475.2	1,513.8	1,585.6	1,685.9	1,819.7	1,993.3

TABLE 8

PROJECTED GROSS DOMESTIC PRODUCT AT FACTOR COST AT CONSTANT 1962 PRICES, 1968-74

Percentages

Sector	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1. Agriculture, Livestock, Forestry and Fishing	54.6	53.0	51.1	49.0	46.7	44.2
2. Mining	3.8	4.5	6.0	7.9	10.3	13.4
3. Manufacturing and Crafts	8.6	9.4	10.2	10.9	11.7	12.4
4. Electricity and Water Supply	0.7	0.7	0.8	0.8	0.8	0.8
5. Building and Construction	5.0	5.0	5.0	5.1	5.1	5.0
6. Distribution	12.9	12.5	12.2	11.8	11.3	10.7
7. Transport	3.4	3.3	3.3	3.1	3.0	2.9
8. Communication	0.5	0.5	0.6	0.6	0.6	0.6
9. General Government	3.3	3.4	3.3	3.2	3.1	2.9
10. Education	3.2	3.3	3.2	3.2	3.2	3.1
11. Health	0.6	0.6	0.7	0.6	0.7	0.7
12. Other Services	3.4	3.6	3.6	3.5	3.4	3.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 9 (A)

PROJECTED GROSS DOMESTIC PRODUCT AT MARKET PRICES (VALUED AT CURRENT PRICES), 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Gross Domestic Product at Factor Cost	1,742.9	1,878.2	2,055.5	2,280.9	7,957.5
2. *Add* Indirect Taxes	150.0	173.0	206.0	247.3	776.3
3. *Less* Subsidies	1.0	1.0	1.0	1.0	4.0
4. Approximate Gross Domestic Product at Market Prices	1,891.9	2,050.2	2,260.5	2,527.2	8,729.8
5. *Add* Errors and Omissions	38.1	65.0	38.0	-0.9	140.2
6. Gross Domestic Product at Market Prices	1,930.0	2,115.2	2,298.5	2,526.3	8,870.0

TABLE 9 (B)

Projected Gross Domestic Product at Market Prices (Valued at Current Prices), 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Private Consumers' Expenditure ..	1,494.6	1,599.2	1,763.2	1,983.8	6,840.8
2. *Add* General Government Consumption Expenditure	123.0	143.5	158.2	189.5	614.2
3. *Add* Gross Domestic Capital Formation	355.0	399.0	418.0	424.0	1,596.0
4. *Add* Export of Goods and Services ..	462.1	543.7	587.3	624.1	2,217.2
5. *Less* Import of Goods and Services ..	504.7	570.2	628.2	695.1	2,398.2
6. Gross Domestic Product at Market Prices	1,930.0	2,115.2	2,298.5	2,526.3	8,870.0

TABLE 10

Projected Gross National Product at Market Prices (Valued at Current Prices), 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Gross Domestic Product at Market Prices	1,930.0	2,115.2	2,298.5	2,526.3	8,870.0
2. *Add* Factor Payments Received from Abroad	11.8	13.0	14.4	16.1	55.3
3. *Less* Factor Payments Paid Abroad	160.0	192.0	220.8	242.8	815.6
4. Gross National Product at Market Prices	1781.8	1,936.2	2,092.1	2,299.6	8,109.7
5. Percentage of National Product in Domestic Product	(92.3)	(91.5)	(91.0)	(91.0)	(91.4)

TABLE 11

Projected Export Earnings (Non-Oil Trade), 1970-74

£million

Commodity	1970-71	1971-72	1972-73	1973-74	*Total*
1. Groundnuts and Groundnut Products	58.1	60.1	62.2	64.3	244.7
2. Palm Produce	28.8	34.5	34.2	36.3	133.8
3. Cocoa and Cocoa Products	54.3	55.1	56.3	58.6	224.3
4. Cotton	3.7	3.7	3.7	3.7	14.8
5. Rubber	6.3	6.2	6.0	6.0	24.5
6. Hides and Skins	4.2	4.3	4.5	4.6	17.6
7. Benniseed	1.2	1.2	1.2	1.3	4.9
8. Timber (Log and Sawn)	5.0	5.8	6.4	6.8	24.0
9. Tin Metal	13.9	13.5	13.9	13.6	54.9
10. Columbite	1.0	1.0	1.0	1.0	4.0
11. Re-exports	4.7	4.7	4.7	4.7	18.8
12. Others (Including Manufactures)	20.6	24.1	23.7	26.9	95.5
Total	201.8	214.2	217.8	227.8	861.6

TABLE 12

Projected Import Outlays, 1970-74

Commodity	1970-71	1971-72	1972-73	1973-74	*Total*
£million					
Capital Goods					
Machinery Transport and Equipment	125.0	143.8	169.7	205.3	643.8
Intermidiate Goods					
Raw materials and Fuel	90.0	97.2	106.9	119.7	413.8
Consumer Goods					
Durable and non-durable	115.0	121.9	131.6	144.7	513.2
Total	330.0	362.9	408.2	469.7	1,570.8
Percentage Distribution					
Capital Goods					
Machinery Transport and Equipment	37.9	39.6	41.7	43.8	41.0
Intermediate Goods					
Raw materials and Fuel	27.3	26.9	26.1	25.4	26.3
Consumer Goods					
Durable and non-durable	34.8	33.5	32.2	30.8	32.7
Total	100.0	100.0	100.0	100.0	100.0

TABLE 13

PROJECTED EXTERNAL TRANSACTIONS, 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
A. *Non-Oil Trade*					
1. Export	201.8	214.2	217.8	227.8	861.6
2. Visible Import	−300.0	−328.4	−366.8	417.9	−1413.1
3. Invisible Import ..	−100.0	−110.0	−121.0	−137.2	−468.2
4. Balance	−198.2	224.2	−270.0	−237.3	−1019.7
B. *Oil Trade*					
5. Export	260.3	329.5	369.5	396.3	1355.6
6. Unaccounted Expenditure Incurred Abroad ..	−104.7	−131.8	−140.4	−140.0	−516.9
7. Petroleum Impact ..	+155.6	+197.7	+229.1	+256.3	+838.7
C. *Total Trade*					
8. Export	462.1	543.7	587.3	624.1	2217.2
9. Visible Import	−330.0	−362.9	−408.2	−469.7	−1570.8
10. Invisible Import ..	−174.7	−207.3	−220.0	−225.4	−827.4
11. Balance on Goods and Services	−42.6	−26.5	−40.9	−71.0	−181.0
D. *Unrequited Transfers*					
12. Balance on Public and Private Accounts ..	+8.0	+6.0	+5.0	+5.0	+24.0
13. Balance on Current Account (11+12) ..	−34.6	−20.5	−35.9	−66.0	−157.0
E. *Financial Movement*					
(*a*) *Private*					
14. Non-Oil Capital Inflow ..	+20.0	+30.0	+40.0	+55.0	+145.0
(*b*) *Public*					
15. Liquidation of Short-term Liabilities	−20.0	−14.0	−10.0	−6.0	−50.0
16. Reserve Replenishment	−2.0	−3.0	−5.0	−5.0	−15.0
17. Debt Servicing	−20.0	−17.8	−16.6	−14.1	−68.5
18. Other Official Obligations	−1.1	−2.2	−1.1	−1.1	−5.5
19. Balance on Capital Account	−23.1	−7.0	+7.3	+28.8	+6.0

TABLE 13—*continued*

£million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
F. *External Account Balance*					
20. Foreign Exchange Gap (13 – 19) ..	57.7	– 27.5	– 28.6	– 37.2	– 151.0
21. External Aid (Public Sector) ..	+ 57.7	+ 27.5	+ 28.6	+ 37.2	+ 151.0

TABLE 14

PROJECTED CAPITAL INFLOW, 1970-74

£million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. *Private*					
(*a*) Oil	55.0	61.6	70.2	80.7	267.5
(*b*) Non-Oil	20.0	30.0	40.0	55.0	145.0
Sub-Total	75.0	91.6	110.2	135.7	412.5
2. *Public*					
(*a*) Foreign Exchange Gap (External Aid)	57.7	27.5	28.6	37.2	151.0
(*b*) *Less* Debt Servicing	20.0	17.8	16.6	14.1	68.5
Sub-Total ..	37.7	9.7	12.0	23.1	82.5
3. *Total Net Inflow*	112.7	101.3	122.2	158.8	495.0

TABLE 15

PROJECTED TOTAL AVAILABLE RESOURCES (VALUED AT MARKET CURRENT PRICES), 1970-74

£million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Gross Domestic Product at Market Prices	1930.0	2115.2	2298.5	2526.3	8870.0
2. *Add* Import of Goods and Services	504.7	570.2	628.2	695.1	2398.2
3. *Less* Export of Goods and Services	462.1	543.7	587.3	624.1	2217.2
4. Total Available Resources	1972.6	2141.7	2339.4	2597.3	9051.0

TABLE 16

PROJECTED UTILISATION OF TOTAL RESOURCES (VALUED AT CURRENT PRICES), 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Gross Fixed Investment					
(*a*) General Government (Excluding Defence)	175.0	198.0	189.0	164.0	726.0
(*b*) Private	165.0	187.0	216.0	248.0	816.0
Sub-Total	340.0	385.0	405.0	412.0	1542.0
2. Consumption					
(*a*) General Government (Including Defence)	138.0	157.5	171.2	201.5	668.2
(*b*) Private	1494.6	1599.2	1763.2	1983.8	6840.8
Sub-Total	1632.6	1756.7	1934.4	2185.3	7509.0
3. Total Resource Use	1972.6	2141.7	2339.4	2597.3	9051.0

TABLE 17

PROJECTED FINANCING OF CAPITAL FORMATION (VALUED AT CURRENT PRICES), 1970-74

£ million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Gross Domestic Saving	134.3	210.2	297.2	387.0	1028.7
2. Net Foreign Capital Inflow	112.7	101.3	122.2	158.8	495.0
3. Resource Gap	108.0	87.5	−1.4	121.8	72.3
4. Gross Fixed Domestic Investment . .	355.0	399.0	418.0	424.0	1596.0

TABLE 18

PROJECTED EXPENDITURE GENERATING GROSS DOMESTIC PRODUCT AT MARKET CURRENT PRICES

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
A. *Values—In £'million*					
1. Consumers' Expenditure	1494.6	1599.2	1763.2	1983.8	6840.8
2. Current Public Expenditure on Goods and Services	123.0	143.5	158.2	189.5	614.2
3. Gross Fixed Domestic Investment	355.0	399.0	418.0	424.0	1596.0
4. Net Foreign Investment	−112.7	−101.3	−122.2	−158.8	−495.0
5. Unadjusted Gross Domestic Product	1891.9	2050.2	2260.5	2527.2	8729.8
B. *Percentage Distribution*					
1. Consumers' Expenditure	79.0	78.0	78.0	78.5	78.4
2. Current Public Expenditure on Goods and Services	6.5	7.0	7.0	7.5	7.0
3. Gross Fixed Domestic Investment	18.8	19.5	18.5	16.8	18.3
4. Net Foreign Investment	−6.0	−4.9	−5.4	−6.3	−5.7
5. Unadjusted Gross Domestic Product	98.3	99.6	98.1	96.5	98.0

CHAPTER 7

RESOURCE AVAILABILITY

Two important aspects of planning are the mobilisation and the allocation of resources for development. These resources are of different types—natural, human and financial. The task of planning is to identify them and combine them in the production process such that the maximum possible development of the economy is assured. Nigeria is generally recognised as being in a potentially strong position in Africa in terms of resource availability. Whether or not this potential is realised would, however, depend on how articulate is the knowledge of these resources and how effectively they are harnessed to the challenge of self-generating growth. It is therefore necessary to examine in turn, the possibilities of various major resource groups.

1. Natural Resources

Nigeria is a fairly large country with a good spread of ecological characteristics providing a basis for prosperous agricultural development. Out of the country's total land area of 356,669 square miles, about a third is good forest land. The permanent forest estate (forest reserves) however, occupy only about one-tenth of the total land area. The forests are of three types: the mangrove forests around the coastal swamps, the high forests of the southern parts and the savanna forests of the north.

The forest products of Nigeria are many and varied. Many of them do not yet enter into the money economy, or they do so only in limited degrees. By far the most economically important at present are wood products such as timber, firewood and poles. It has been estimated that there are more than 600 tree species in Nigeria, out of which only about 100 are said to be usable. Of this figure, only about 30 are tested and are being exploited commercially. In other words, only about 5 per cent of the known tree species in Nigeria are being utilised. The volume of merchantable timber in the country (i.e. the 30 species currently under exploitation) has been estimated at 2,500 million cubic feet. Removal of industrial woods from Nigerian forests probably stand at over 50 million cu. ft. annually.

At this rate of exploitation, it will take only 50 years to denude the forests of the merchantable timber. This estimate, of course, ignores the fact that young trees that do not at present enter into the estimate of timber potential will have grown to exploitation size in fifty years. Secondly, the estimate does not take into account the afforestation and re-afforestation programmes of the various governments and local authorities. However, since young trees (natural or cultivated) take time to grow, the opportunity of increased forest exploitation for development purposes will have to be sought during the next few plan periods in the exploitation of the 500 tree species currently classified as "unusable".

In addition to the vast reservoir of unused tree species, an important way of utilising forest resources to generate more income and employment is to find new uses for timber products like the residues from sawmills, wood-working and plywood factories and the lop tops and branches of trees which are currently allowed to waste. These timber wastes can be used in the manufacture of wood-based panel products like veneer, plywood fibre and particle board. Also, the manufacture of particle wood or clipboard will facilitate the use of round wood which may be too small or too low in quality to be sawn. Particle board thus offers very good opportunities for the utilization of non-wood resources like guinea corn straw, rice straw, palm trees, elephant grasses, corn stalls, bagasse and even groundnut shells. Particle board is used in the manufacture of furniture, interior panels, radio and television cabinets, interior ceilings, slide doors, wardrobes as well as in joinery and shop-fitting.

It has become a cliche to say that agriculture is the mainstay of the Nigerian economy. It is still responsible for about half of the Gross Domestic Product. It-produces enough food to feed the population and, until the civil war, even managed to export food to some neighbouring countries, particularly Dahomey, Togo and Ghana. It is a fact that the economic growth which has taken place in Nigeria during the past two decades had agricultural production for export as its main driving force. Not only did the exportation of agricultural products generate income within the domestic economy, it also made available the foreign exchange which in turn made possible the importation of machinery and other capital goods required for launching and sustaining, within the Nigerian economy, a modern industrialisation process with its beneficial income and employment effects. In the immediate pre-crisis period, agricultural exports earned about 66 per cent of the country's foreign exchange. When war activities brought the petroleum industry to a stand-still in 1968, the contribution of agricultural exports to total foreign exchange earnings rose to 73.4 per cent. With the resumption of activity in the oil industry, the proportionate contribution to foreign exchange earnings is falling; but there is no doubt that for sometime to come agriculture will continue to be a major foreign exchange earner.

Nigeria is richly endowed with agricultural resources. There is plenty of fertile arable land. The land/labour ratio is generally high. The varied climatic conditions make possible the cultivation of practically every tropical crop. Out of the total land area of about 231 million acres, it is estimated that only 79.5 million acres (or about one-third) constitute arable land and land under permanent crops. Forestry and permanent pastures together account for about 56 per cent of the land area. Since only about 10 per cent represents forest reserves, and making allowance for another 15 per cent for permanent pastures, it means that about 31 per cent of the land is potential agricultural land. If the 9.1 per cent of the area not at present being used for any specific purpose is added to this figure, the additional land area that can become available for agricultural purposes rises to about 40 per cent or about 92.5 million acres. This is much greater than the arable land plus the land currently under permanent crops. The inference to be drawn from this is that more than half of the potential agricultural land in Nigeria is at present lying fallow.

As a result of its rich and extensive agricultural land, Nigeria produces a wide range of agricultural products including rice, maize, millet, cassava, yams, sugar cane, assorted vegetables and fruits, groundnuts, oil palm, coconut, cotton, coffee, cocoa, tea, rubber, tobacco, etc. Not only does the country under-utilize its agricultural land in a quantitative sense, the qualitative under-utilization is perhaps even more significant. In other words, not only does land lie fallow, even land brought under cultivation is not made to yield at a rate approaching what has been widely achieved elsewhere in the world.

In terms of mineral resource potential, Nigeria is one of the richest countries in Africa. Known mineral resources include tin, columbite, tantalite, wolfram, gold, lead-zinc, limestone, kaolin, clay, shale, marble, radioactive minerals (thorium monazite and uranium), zircon, molybdenite, bartytes, cassiterite, coal, lignite, petroleum, natural gas and hydro-electric power. By listing these resources, the intention is not to suggest that they are all available in large quantities or in quantities sufficient to make them economically viable for exploitation. While tin, coal, petroleum and limestone are known to exist in large deposits, all that can be said about a strategic mineral like uranium is that there are fairly strong indications of it in certain parts of the country.

In 1966, the value of mineral export (including petroleum) was of the order of £109 million, out of which tin contributed about £15.4 million, crude petroleum £92 million and columbite £1.3 million. Due to the distruptive effects of the civil war on petroleum production, mineral export fell to about £87 million in 1967 with petroleum contributing £72.1 million, tin £13 million and the other minor minerals like zinc, lead and tantalite making up the balance. The position became much worse in 1968 when export earnings from mineral products declined to about £52 million. This big drop was due mainly to the fall in the production of crude oil.

One factor which will determine the contribution of mineral resources to the growth and development of the economy is the quantum of each mineral resource. Tentative estimates of reserves of a number of minerals have been made. Known reserves of crude oil are conservatively estimated at about 200 million tons. Probable aggregate estimates ranging between 600 million tons and 1,200 million tons have also been made. Similarly, estimates of the reserves of natural gas range between 280 million cubic metres and 800 million cubic metres. The following is a summary of the estimated reserves of a number of natural resources:

Resource	*Unit*	*Known Reserve*	*Probable Reserve*	*Possible Reserve*
Crude Oil . .	Million tons	200	600	1,200
Natural Gas	Million cubic metres	280	400	800
Coal	Million tons	360	500	800
Lignite	Million tons	75	150	300
Thorium	Thousand tons	15	20	25
Hydro-electric Potential	Billion KWH per annum	17	20	20

From a planning standpoint, it should be emphasised that mineral resources are wasting and expendable assets. It is important, therefore, that proceeds from mineral exploitation should be translated into permanent and productive assets that will continue to generate income and employment within the economy for future generations.

2. Human Resources

Nigeria has an estimated total population of 64.5 million in 1969-70. But for purposes of economic growth and development, the actual human resource of the country could be defined as its potential labour force, that is, the proportion of the population between the ages of 15 and 55. To obtain the active labour force, we substract from this estimate all students, full-time trainees, house-wives (those of them who pursue no other business except looking after the family), those suffering from physical or mental illnesses and those who live on alms or charities. The active labour force, as defined above, includes all those who are able and willing to work, regardless of whether or not they are currently employed. The active labour force is thus a pool of human resources which includes both the employed and the unemployed.

A study of the nation's labour force has formed part of the activities of the National Manpower Board, mainly through its Labour Force Sample Surveys. The typical Survey covers about 30,000 house-holds all over the country, including both urban and rural sectors. From pre-war data obtained from about 10,000 urban house-holds surveyed, it was found that the active labour force constituted a little over 40 per cent of the urban population.

It is estimated that about 20 per cent of the total population, that is, some 12.9 million people, can be described as urban dwellers. The urban active labour force will, therefore, be something like 5.16 million. In the rural areas, the labour force participation rate for the total population was a little under 40 per cent. If total rural population is about 51.6 million, then the rural labour force would be of the order of 20.64 million. Thus, the total labour force for the country could be estimated at about 25.8 million. Of this total, about 516,000 were estimated to be unemployed: 412,800 in the urban areas and 103,200 in the rural areas. These figures yield estimated unemployment rates of approximately 3.2 per cent and 0.2 per cent of the total population, or 8 per cent and 0.5 per cent of the labour force, for the urban and rural areas respectively.

Accepted at their face value, these figures would tend to suggest that Nigeria is making fairly adequate use of its human resources. But the analysis of other data thrown up by the same survey shows very clearly that there is widespread under-employment or under-utilisation of human resources in both rural and urban areas. However, unemployment as well as literacy rates are much higher in urban than in rural areas. This would indicate that education tends to translate rural under-employment into open unemployment in the urban areas.

From the standpoint of planned development, a serious consideration of a nation's human resources should move away from mere numbers to issues of productivity as determined by the quality of the labour force. This means, in effect, the education, training, experience and inner drive of the labour force. The Labour Force Sample Surveys have furnished some information about the education and training of the labour force. But here, the qualitative analysis of the labour force will be limited to its general educational attainment.

In the urban centres, just over half of the population aged five and above have no formal education at all. About two-thirds of them are completely illiterate, while the remaining one-third are literate only in Roman or Arabic script. Those who have a few years of primary education constitute just over a quarter of the urban population. Those who have completed primary education but below School Certificate (or equivalent) level account for under one-fifth. Members of the urban population who have qualifications of School Certificate and above are less than three per cent. The proportion of the urban population aged five and above who can be regarded as permanently literate is thus only about 20 per cent.

In the rural areas, as may be expected, the situation is very serious indeed. Those who are totally illiterate represent about three-quarters, while a little more than one-tenth are literate in Roman or Arabic script. Those who have less than full primary education but still cannot be regarded as permanently literate (particularly in a rural setting where there is little to read and there are only limited opportunities for practising writing) account for about one-eighth of the rural population in the age-range five years and above. Those with full primary education are only two per cent, while secondary school leavers account for an insignificant 0.1 per cent of the rural population. Thus, in rural Nigeria, only two per cent of the population is permanently or functionally literate.

In order to have a clearer picture of the country's human or manpower resources, it is necessary to carry the qualitative analysis a stage further and examine the stock of human resources in terms of categories of manpower. For this purpose, three manpower categories have been identified: Senior, Intermediate and Skilled categories. The Senior category is made up of those with University degrees or equivalent professional and technical qualification, while those with School Certificate or equivalent plus one or two years additional training are regarded as Intermediate manpower. The Skilled category is composed of people with primary education plus a few years technical training. The estimated stock of Senior Category manpower in Nigeria is currently estimated at about 50,000. Approximately 60 per cent of them can be classified as senior managerial manpower, the balance being in the engineering, scientific and miscellaneous professional fields. The Intermediate Category has an estimated stock of 150,000 while to the Skilled Category is attributed a total of about 300,000.

An intangible asset of the nation which partially mitigates the low level of formal education and training in the country is the inner force of the people; their seemingly boundless energy, resilience and determination. Over the years, Nigerians have demonstrated their ability to grasp economic opportunities and apply new ideas and techniques with such ingenuity that baffles foreigners with more sophisticated training. They are virile, highly adaptable and quickly responsive to incentives. With good leadership and proper guidance, the nation will need all these innate qualities in facing the challenge of post-war reconstruction and development.

3. Financial Resources

Given the enormous cost of the civil war grafted on the normal paucity of savings under conditions of underdevelopment, it is not difficult to appreciate that one of the most serious bottle-necks during the Plan period will be finance. The war years have brought in a regime of considerable foreign exchange shortage unprecedented in the country's development experience. Also, the long history of financing public capital programmes through budget surpluses has been interrupted by the requirements of war, such that even part of the recurrent budget had to be covered for some time by internal borrowing.

Efforts must be exerted by all governments during the Plan period to substantially raise recurrent revenue. There is need to promote a high rate of domestic savings, not only to dampen the inflationary pressure deriving from pent-up consumer expenditure, but also to generate enough funds to at least cover the growing, yet essential, recurrent budget commitments. Capital receipts projections have been made on the assumption that the necessary fiscal measures will be taken to guarantee a fairly sizeable recurrent budget surplus by each government. Resources from domestic borrowing, and particularly from the Central Bank, have to be limited in recognition of the present level of internal public debt and the inflationary dangers of undisciplined deficit financing.

It is expected that for the State governments, the Marketing Boards, while assuming a reasonable and stable producers' income level, will continue to play an important role in the development process, including the financing of public infrastructural services to enhance the productive capacities of their areas of operation. Similarly, the various Statutory Corporations and public-owned Companies must be revamped to become more efficient, viable and profitable, such that they would add rather than detract from the pool of resources available for financing the nation's development.

The country's external reserve at its present low level cannot be drawn down further for purposes of financing the Plan. This is why the most serious resource bottle-neck during the Plan period is identified as the scarcity in foreign exchange availability. The real challenge of the post-war years in this area lies in reducing the backlog of external payments from the war years, rebuilding some modest balance of payments reserves as a contingency for the future and maintaining the stability of the Nigerian currency and financing the enormous current and capital foreign exchange requirements of the Plan. In spite of the brightening export prospects on the horizon, of stringent import restrictions and of a disciplined regime of foreign exchange budgeting, it is unlikely that all these ends can be properly achieved without some measure of external assistance.

Foreign assistance falls into three broad categories : loans, technical assistance and private foreign direct investment. In the 1962-68 first National Development Plan, it had been assumed that 50 per cent of the planned capital expenditure would be financed from foreign sources. At the end of the Plan period, foreign loans in fact amounted to only about 25 per cent of realized capital investment. During the current Plan period, a minimum net capital inflow of about £150 million a year is envisaged for the public sector programme. This sum represents about 20 per cent of the total estimated public expenditure programme.

The magnitude of technical assistance required is difficult to evaluate. In the 1962-68 plan period, the country received substantial technical aid for sustaining part of the high-level manpower and modern institutions required for the implementation of the plan. The value of such assistance has been estimated at about £25 million. The fields covered included the supply of technical know-how, experts, equipment, and specialised training of Nigerian public officials abroad. Consultancy services and grants for feasibility studies and surveys also formed an important element in this spectrum. Technical Assistance will be a major source of external input for the present Plan.

CHAPTER 8

GENERAL POLICY MEASURES

Policy formulation lies at the core of development planning. This Chapter deals with the general policies on the macro aspects of the economy. The specific "micro-policies" are spelt out in the various Chapters on the sectors concerned.

For an economy that has just emerged from war and is faced with a substantial burden of reconstruction problems under conditions of severe resource shortage, the articulation of mutually consistent economic policies becomes a necessary condition for success. Policy measures for stimulating the development process can be direct or indirect, depending partly on the ideological posture of the country, the efficacy of the bureaucratic machine and the particular problems to which the measures are to be directed. The civil war has brought about an inevitable need to adopt an increasing measure of direct controls. Given the continued tight resource position, some of these controls must be carried through the Plan period. What is important, therefore, is not whether a policy measure involves physical and direct or indirect control, but whether it is the most appropriate for getting the best result in the actual concrete situation of the problem to which it is addressed. Above all, for its success in achieving desired results, a policy measure must be based on clarity of thought and certainty. It is uncertainty, not controls, which scares away private investment.

1. Fiscal Policy

Fiscal policy measures have played a vital role in creating a favourable climate for rapid development in the country. Particularly, in the area of measures to contain balance of payments pressure, the role of fiscal policy has been crucial. In fact, fiscal policy has come to be regarded, along with the more direct controls open to Government, as the more reliable tool for managing the external sector.

In spite of the importance of such factors as political stability and availability of basic infrastructure in the decision-making of investors, there is no doubt that fiscal incentive measures also have a part to play in attracting investment. This is another area in which Nigeria's fiscal policy has been directed. In the attempt to aid the industrialization process, efforts have been made to attract desired industries through the granting of tax concessions to pioneer industries, the granting of relief from import duties and the imposition of tariff to protect infant industries.

Beginning from 1964, when the external reserve position dropped to a very low level, the direction of fiscal policy has been to restrain consumer demand in an effort to contain the balance of payments pressure. Pursuant to the objective of general restraint, import duties were raised on a wide range of imports. Other fiscal measures such as further incentives and protection to industries, as well as higher Customs and Excise duties, even where they were not directly addressed to the balance of payments problem, had balance of payments over-tones. The measures did pay off, in the sense that they succeeded, until the war years, in arresting further drops in the reserve position by considerably reducing the persistent trade deficits which had plagued the economy for about a decade. The crisis which beset the country in early 1966 and worsened towards the end of that year dictated a further tightening of the stringent fiscal measures.

Generally, fiscal policy continued to reflect the financial requirements of government and that of the balance of payments. As the 1960's progressed, the relative importance of fiscal measures became manifest as a strong weapon for ensuring economic stability. In 1968 (probably the worst year of crisis for the economy), reliance was almost entirely on fiscal policy and other direct controls, in contrast with previous years when monetary policy contributed significantly to the restoration of moderate stability in the economy. However, since the Central Bank had to sustain an easy money policy to meet Government's financial requirements, protection of the external reserves position became increasingly dependent on fiscal measures and such direct weapons like strict exchange control and regulation of imports.

Given the continued pressure on financial resources and on foreign exchange particularly, the Plan period, 1970-74, should be regarded essentially as one of continuing emergency. The needs for taking stringent fiscal measures, to mobilise domestic savings and rationalise the use of foreign exchange have scarcely been abated by the mere cessation of hostilities. The magnitude of the Reconstruction and Development programme argues a strong case for the continuation of a strict fiscal policy regime. There is, however, the need for greater rationalisation of fiscal incentive and protection measures in terms of the changing needs of the economy. It is expected that government revenue will increase fairly rapidly, with increasingly substantial recurrent budget surpluses for financing public investment expenditure. To achieve this, the whole tax system would need to be revamped in line with the changing taxable capacity of the economy. Such fiscal measures will have the advantage of freeing some of the Central Bank funds or banking sector credit for financing Government operations, for diversion to the use of the private sector.

During the period of reconstruction, the impact of fiscal policy will also be felt in the area of consumer expenditure. By attempting to restrain the rate of increase in consumer expenditure, it will make available more resources for capital formation and help in ensuring financial stability generally. The present range and level of import restrictions will be kept under close review and liberalised as the general economic environment permits. The emphasis, however, will move towards more selectivity of items and greater automatic adjustment in administrative procedure.

The general objectives of fiscal policy will be to :

(*a*) make available for financing economic development the maximum flow of material resources consistent with minimum consumption requirements ;

(*b*) maintain reasonable economic and price stability in the face of inherent inflationary pressure ; and

(*c*) minimise existing inequalities in wealth, income and consumption standards which may tend to undermine production efficiency, offend a sense of social justice and endanger political stability.

2. Monetary Policy

In many parts of the world, the objectives of monetary policy today have transcended the traditional function of maintaining a stable exchange rate and avoiding business cycles. Explicitly, governments seek to use monetary policy as an aid in the growth of output, income and employment, maintenance of stable domestic price levels and the strengthening of balance of payments. Nigeria's monetary policy since independence has been geared towards the following objectives :

(*a*) maintenance of confidence in the Nigerian currency through measures to stabilise domestic wages and prices ;

(*b*) support for increasing levels of agricultural and industrial output ; and

(*c*) effective arrangements for supplementing current government revenue and for providing development finance.

With respect to the promotion of economic growth and full employment, monetary policy measures have been directed at providing "cheap" money to finance government capital expenditure and aid private investment, containing the pressure of consumption expenditure on the balance of payments and regulating the expansion of total money supply. On development financing, steps were taken to develop the local capital market in order to create the basic conditions necessary for the pursuit of government development expenditure. In 1959, the first Federation of Nigeria Development Loan was floated, indicating the first serious gesture towards the establishment of a local capital market. Then in 1961, the Lagos Stock Exchange was established as an added measure to promote a vigorous capital market. Since its formation, about 50 Government and private company stocks and shares have been quoted and traded on the Exchange.

The first National Development Plan, 1962-68, provided an occasion for testing the capability of the country's monetary mechanism. The proposed public-sector programme had amounted to £793 million and was to be financed equally by expected funds from foreign and domestic sources. The failure of external finance to meet the target of 50 per cent contribution meant added call on domestic sources to provide the much-needed development finance. Given the slow rate of expansion in revenue and inadequate private and public savings, there was persistent pressure to expand the fiduciary element of the currency and hold down the cost of public debt. In response to this pressure, and pursuant of a cheap money policy during the war years, the statutory fiduciary element in the currency was extended from the 40 per cent limit of 1958, to 75 per cent in 1968, and 100 per cent in 1969. In terms of actual issue, however, the fiduciary element increased from 19 per cent in 1961 to 69 per cent in 1968.

In addition to the supply of funds by the Central Bank through Development Loan Stocks and Treasury Bills, new public debt instruments like Treasury Certificates of twelve to twenty-four months maturities were created in response to war time monetary pressures. This further enhanced the volume of capital funds available to government, with the result that, before the end of the first quarter of 1969, up to £24 million of these Certificates had been issued and completely subscribed.

It is noteworthy that this policy of cheap money for development financing had not been limited to the public sector alone. It was extended to the private sector, particularly in the field of agricultural export. Direct loans and advances were made to the Marketing Boards by the Central Bank. For a period, the Bank also offered rediscounting facilities for Marketing Board produce bills. In a more indirect way, the policy of cheap money supply was extended to this sector through the conscious desire of the Central Bank to keep down the Bank rate in the interest of Government financing. By so doing, it succeeded in keeping the rediscounting rate of the commercial banks for the private sector relatively low as well, since, by law, the rediscounting rate was linked to the Bank rate. Moreover, the Central Bank also stands ready to give financial assistance to the Nigerian Industrial Development Bank to assist the latter's activity in the private sector.

To a great extent, the monetary policy of the 1960's not only followed the dictates of the financial requirements of Government, but also balance of payments considerations. Of course, distinction between the two ends is blurred to the extent that both bear ultimately on the economy's rate of growth. A weakening balance of payments position would call for the drawing down of external reserves to finance the deficits, thus weakening the position of such reserves as a source of funds for development.

The cheap money policy had meant a rapid expansion of purchasing power in the economy, leading to more demand for goods and services beyond the supply capabilities of the economy. The result was increased imports to supplement the inadequate local supply. In the event, the available external reserves were persistently run down to pay for the external deficits. Up to a point, this was not altogether undesirable, as it had the effect of stabilising domestic prices and preventing a spiralling inflation as a result of an expanded purchasing power. Soon however, the running down of reserves reached, in 1964, a level beyond the hitherto acceptable limit of four months of total import bill.

This was a signal to switch the cheap money policy to a lower key under the old rules of prudent financial management. The Government responded by imposing quantitative and qualitative restrictions on credit and on money supply generally. The new measures involved the institution of a credit "guide line" or ceiling by placing a 15 per cent limit on the rate of expansion of commercial banks' aggregate loans and advances, and by exerting moral suasion on the banks to exercise greater restraint in the granting of loans and advances for financing consumption expenditures. The bank rate was also raised, followed by closer attention to the composition of liquidity requirements as part of the general objective of a credit squeeze and reduction of aggregate consumer demand.

However, by the middle of 1966, both credit to the private sector and the money supply were running at 13.3 per cent and 7.3 per cent respectively below the ceilings imposed under the credit guidelines. This gave the signal of an emerging depression and suggested once again the need to put monetary policy in the direction of cheap money supply. Thus, late in 1966, the ceiling placed on credit supply was lifted ; although the Bank rate remained unchanged at 5 per cent. From 1967, the policy has of course been dictated by the borrowing requirements of the Government.

From the responses of the economy in the changing phases of the problems of domestic-external balance, the increasing sophistication of the country's economic structure and financial instruments could be appreciated. The tools of monetary policy adopted in each phase included both the market and non-market (or direct) weapons. Among the orthodox market instruments, only the bank rate could be said to have been effectively used. The first time this weapon was used was in 1964 when the rate was raised to 5 per cent as one of the "package measures" introduced to arrest the deteriorating pressure on official reserve position. In 1968, the rate was reduced to its former level of 4½ per cent to reflect the new Government policy of cheap money to finance the civil war.

The Central Bank has not, thus far, engaged in open-market operations as a way of influencing money supply in the economy. Although it has engaged in the rediscounting of bills and certificates, there is the crucial difference that this has always been done at the initiative of the Market and not of the Central Bank. For the weapon to be really operative, the Central Bank must actively engage on its own initiative in the buying and selling of securities from and to the market.

With respect to interest rate, the Central Bank has indirectly influenced its level through changes in the bank rate. But it has been realised that the condition of relatively undeveloped money and capital markets in a country like Nigeria impairs the effective use of indirect market weapons of monetary policy on aggregate liquidity. Thus, a set of direct measures have been taken as an effective support to these indirect tools. Especially during the war years, these direct measures combined with stringent fiscal measures provided the true cover against the inevitable financial dislocations that confronted the economy.

The maintenance of a strong currency was a pre-occupation of the monetary authorities in the earlier years of the introduction of the Nigerian pound. There was then the overriding necessity to give it an international reputation. In the process, the measures taken were stringent and in some ways over-cautious. Among other things, a 100 per cent foreign exchange backing was maintained for the extent of currency issue. The statutory limit of the fiduciary element of currency liability was to be held at 40 per cent for the 1962-68 Plan period, and in practice was not even allowed above 20 per cent. The currency was linked to the internationally reputed sterling. In a move to facilitate the quick defence of the Nigerian pound, all foreign exchange reserves were completely centralized in the Central Bank by 1964.

By 1962, the Nigerian pound had been soundly established with adequate international reputation. This position was further enhanced when, in the same year, it ceased to be linked with Sterling and its parity was redefined in terms of gold at £N1 to 2.48828 grams of fine gold. That parity has since been maintained in spite of subsequent devaluation of Sterling.

It is clear that some of the above measures to ensure the stability of the Nigerian pound could not remain in a climate of pressure to provide easy development finance. Accordingly, there have been moderations along the lines already recounted to facilitate such financing. But even then and in spite of the civil war, these measures have not significantly impaired the strength of the Nigerian pound which continued to enjoy good international reputation. Indeed, until the civil war enforced an embargo on the importation and exportation of the Nigerian pound, it has been the equal of the Sterling and the Dollar throughout West Africa in terms of general acceptability.

For the future, the financial requirements for development and balance of payments consideration will continue to provide a guide for policy. During the Plan period, it is clear that the challenge facing monetary policy is how to quickly resuscitate the economy, combat inflationary pressure at home and protect the balance of payments position. The answer lies in a restrained and closely watched era of "development oriented" policy.

The cheap money policy of the past was somewhat discriminatory against the private sector. It is desirable that the Central Bank now plays a wider and more positive role in financing general investment expenditure. The absence of a commercial banking system, predominantly indigenous, which would ensure adequate attention to local businessmen in whatever sector they belong as well as the absence of an adequate and flexible capital market, dictate that the Central Bank cannot remain aloof in the task of expanding capital formation demanded by the new Plan.

During the 1970-74 period, measures will be taken to reconstitute existing financial institutions under the active guidance of the Central Bank, to intensify investment lending and particularly lending to relatively smaller businesses. The Stock Exchange would be helped to play a more effective role in mobilising funds for industrial purposes, given the increasing public awareness of and willingness to participate in the growing investment opportunities in the country. The new Companies Decree should facilitate better industrial responses to public policy measures and enable Nigerians to share in the increasing profit generated in the country.

There is always a latent danger of inflationary pressure in a period of cheap money supply, especially with respect to the balance of payments bottle-neck. But apart from the possible beneficial effect of some degree of inflation under Nigerian conditions, the Central Bank already has in the Amendment Decree of 1968 powers to make the economy exercise monetary restraint. It can prescribe limits to loans, advances and discounts ; impose cash reserve ratios to deposit liabilities which the commercial banks should maintain with it ; prescribe credit ceilings ; and vary the composition of specified liquid assets to be held in stipulated ratios to deposit liabilities. It can also exert informal pressures on the Industrial Development Bank, Building Societies, Hire-Purchase Houses and Acceptance Houses, considering the new conception of what constitutes a "Bank" under the Banking Decree of 1969. In any event, monetary policy has always been and will continue to be, pursued in harmony with complimentary fiscal policy measures and direct control weapons.

3. Incomes Policy

In an increasingly sophisticated economy, the absence of an incomes policy can negate other developmental efforts and engender social frustrations. Two important national objectives in the present Plan are the active promotion of a great and dynamic economy on the one hand and the establishment of a just and more egalitarian society on the other. The simultaneous pursuit of economic growth and distributive equity cannot be successful without a carefully formulated incomes policy. Some of the social dilemmas in the development process of Nigeria over the last two decades can be traced to the absence of an observable incomes policy.

It is tempting to ignore distributional questions under Nigerian planning conditions: what with the inevitable preoccupation with raising the national income growth rate, the statistically "mini-effect" which the redistribution of total elite income would have on the rest of the economy, and the resilience of the traditional social security system in achieving some measure of distributive equity within each extended family. However, it cannot be denied that certain patterns of income distribution can promote or deter growth, through their effect on saving and investment behaviours. There are also political and sociological implications of building a strong and united country, which issues necessarily raise the question of distributive equity among classes and groups. There is, in any case, the strong link between incomes and prices, with their implications for productivity, inflation and the balance of payments.

An incomes policy may be conceived as a set of measures to acquire effective direct and indirect controls over the level and structure of remuneration of all factors of production in an economy. Thus, the two main areas for policy direction are the pricing of land, capital and labour as production inputs and the shares of wages, rent, interest and profit in the gross domestic product. In a developing economy characterised by strong consumption orientation, ill-developed financial institutions and other structural defects, reliance cannot be placed on market forces to achieve equilibrum among factor incomes consistent with economic growth and social equity. The dynamics of incomes and prices are thus necessarily resolved through Government intervention.

Unfortunately in the Nigerian context, Government has not been able to play this vital role in a systematic manner ; nor has the focus of intervention always been guided by the requirements of economic development and social change. Government has nevertheless, intermitently attempted to influence directly or indirectly the patterns of incomes and prices. There are the series of fiscal measures (including the pricing operations of the Marketing Boards) to control the level of disposable cash incomes through progressive income taxation, profits tax, excise and import duties. There are the monetary measures by the Central Bank to influence the interest rates and the profitability of investments. There are the reports of several Wages Tribunals which have differentially attempted to rationalise the level and structure of wages and salaries. What has been lacking is a synthesis of clear objective and strategy in this area, as the emphasis has tended to be on day-to-day tactical manoeuvres.

(a) Wages and Salaries

The most sensitive, not necessarily the most important, area of incomes policy is in respect of wages and salaries. In the Nigerian context, socially as well as economically, the most vital segment of incomes policy is rural incomes and particularly the earnings of peasant producers. The greater attention paid, hitherto, to urban wages and salaries reflects not only the influence of urban political pressure but also the role of wage employment at the growing points of the national economy.

The first attempt at a wages and salaries policy was in 1934, following the Great Depression, with the appointment of the Hunt Committee to review the wages of unskilled labour and arrive at a "reasonable standard of living for a labourer". The recommended minimum subsistence cost was followed till 1942, when the Bridges Committee granted additional cost of living allowances for the labouring class. Then came, in 1945, the Tudor-Davies Commission which recommended a substantial increase in the cost of living allowance but introduced wage differentials by discriminating among different groups of workers. The Harragin and Miller

Commissions followed in 1946, consolidating the various cost of living allowances into a new wages structure which divided the country into six geographical zones. With the exception of Gorsuch in 1954, the successive Tribunals and Commissions—Handbury (1955), Mbanefo (1959) and Morgan (1963)—continued to base wage revisions on the cost of living index.

From the series of reports and Government action thereon, it can be inferred that wages policy over the last four decades in Nigeria exhibits the following features: First, the preoccupation was with such concepts as poverty datum line, effective minimum level and cost of living. Productivity considerations were not much in evidence. Second, there was much concentration on public-sector wages with no adequate attention to wages in private enterprises. For the most part, the latter were simply expected to follow the leadership of the former. Third, the emphasis all along was on the urban labourers, unskilled workers and lower-grade civil service personnel. There was scarcely a full coverage of the whole spectrum of public-sector staff. Finally, factors which are of more than incidental interest to an incomes policy were not much in the picture. Some of these are non-cash incomes, other conditions of service and relative incomes in other sectors as a measure of transfer payments. Practically all the Commissions have tended to pay very close attention to the cost of living index as the main criterion for deciding increases in wages. The minor exception was the consideration of an industry's ability to pay on some of the occasions when wage increases were considered for the private sector.

The use of the cost of living index as the main criterion for wage adjustments is scarcely defensible in a developing economy. The least that can be said against it is that it confuses the cause-effect relationship in the movements of incomes and prices. It may be necessary as a factor in the determination of wages but is far from being sufficient or central at all times. In spite of the existence of Whitley Councils and the National Wages Advisory Council, it is clear that the wages and salaries problem cannot be studied or remedied in isolation from other development problems.

It is in the light of these defects that the Government has set up, at the beginning of the Plan period, a Wages and Salaries Review Commission, on the basis of whose report a more appropriate policy for labour incomes can be articulated. The Commission's terms of reference are as follows:

"In the light of (*a*) the cost of living and remuneration in posts with comparable responsibilities in the private sector, (*b*) the requirements for the rapid development of the national economy, (*c*) the adequate development and deployment of efficient manpower in the public services; and other factors:

(1) to review the present level of wages and salaries at all levels in the Public Services, the Statutory Public Corporations and State-owned Companies;

(2) to examine areas in which rationalisation and harmonisation of wages, salaries and other remunerations and conditions of employment are desirable and feasible as between the public and private sectors of the national economy;

(3) to consider the need to establish a system for ensuring that remuneration in the Public Services, the Statutory Public Corporations and the State-owned Companies are periodically reviewed and kept in proper national balance; and

(4) to make recommendations to the Federal Military Government, including, if necessary, the need for any appropriate interim measures pending final recommendation".

(*b*) *Rent*

Public policy with respect to earnings from landed property has been rather casual and left for the most part to the market forces. Apart from public land acquisition, the determination of rent levels has, hitherto, not engaged the serious attention of Government. On land use generally, the Public Lands Acquisition Act of 1917 as amended by the State Lands (Compensation) Decree of 1968 empowers Government to acquire compulsorily (and with due compensation) for exclusive public use such lands it may deem appropriate for sanitary improvements, reclamation, drainage, laying-out of new township, government station, housing estate, port, and ancillary facilities for industrial and economic development. There are no formal legislations for rural rent. For urban property rent, the Rent Restriction Ordinance of 1946 deals with the fixation of rates chargeable on the occupiers of building accommodation in Lagos township and in other areas to which the provisions of the Nigeria Defence (Increase of Rent) (Restriction) Regulations of 1942 applied.

Land tenures vary from one part of the country to another. Ownership and, more importantly, control over use are, in some places, vested in the State or Local Authorities ; in others, they are vested in the community through the traditional head ; and in some, they reside in the hands of families and individuals. The complex variety of social institutions governing land usage makes land a rather inflexible factor of production in Nigeria, in terms of ease of national access. There are strong speculatory elements in the land market, particularly in the urban sector. Even under the compulsory acquisition enabling Act, the acquisition procedure and the statutory compensation principle of "equivalence" have not been designed with developmental requirements and social justice in view ; and the result has been artificially high "market" rates of compensation. The market forces are far from being sufficiently free to reflect the real opportunity costs of land for each usage.

During the Plan period, Government will review the basis of compensation for compulsory public acquisition of landed properties, especially, the application of the principle of equivalence, with a view to minimising speculation and reducing 'unearned' incomes. Whatever the ownership structure in the short-run or in particular places, Government will take appropriate steps to encourage greater accessibility and rationality in land use with a view to achieving a wider social spread and lower cost. Legislative and administrative measures in control of urban rent can only be regarded as a palliative. Government will reinforce these measures in a more decisive direction by supporting public institutions to provide more housing, especially for the low-income groups. Rent controls will also be more effective as corresponding price controls are introduced in the areas of land acquisition, building materials and labour.

(c) *Interest and Profit*

Incomes from investment can, to some extent, be regulated through the impact of monetary policy on the money and capital markets. Within the context of an integrated incomes policy, the real problem is how incomes from capital are to be related to other forms of income for the simultaneous requirements of economic growth and social balance. This is an issue which bears directly on the efficacy of fiscal policy. The tax instrument is probably the most potent weapon for reconciling movements in the rate of surplus (interest and profit) with the joint requirements of economic development and distributive equity.

The direct influence of interest rate on personal incomes and savings habit is not yet substantial in Nigeria. It is only a major source of income for such financial institutions like commercial banks, building societies and credit houses. Thereby, it is connected with the level of potential profits, both for the institutions and the various investors utilising their services. These profits in turn affect the level of future capital formation and hence the prospects for other factor incomes. Where interest rates make significant direct contribution to personal incomes is in the sphere of credit financing in agriculture, crafts and distribution as production sectors, especially in the rural areas. Money lenders who operate in that sphere are not much affected by movements in the Bank rate, and are also difficult to pin down by the kind of tax administration machine presently found at the local level. The approach which Government adopts is, therefore, to create the conditions necessary for the rapid extension of good credit facilities to all sectors of the economy as a means of rationalising the total money market and containing the tendency to greater income disparities.

With respect to the control of profit, Government policy will be geared to ensuring that honest operating accounts are kept and submitted by all enterprises. This will reduce the areas of unearned incomes and encourage the ploughing-back of operating surplus for faster capital formation. Government will discourage market exploitation through monopoly positions and pursue a policy of selective industrial incentives for more rational market competition. Government will also control the repatriation of dividends and capital and encourage their re-investment within the Nigerian economy. There will be a conscious attempt to broaden the social base of capital ownership in the economy and reduce the high degree of concentration in the structure of holdings of stocks and shares.

As a matter of general incomes policy, Government will see to it particularly, that no group or class of citizens should be in a position to use the apparatus of government to enrich themselves and perpetuate hereditary inequality. Honest public service will, however, be duly rewarded. Changes in all forms of incomes will be systematically harmonised in the interest of social justice without prejudice to the rapid development of the nation's economic resources.

4. Public Enterprises

Over the last three decades, Statutory Corporations and State-owned Companies have become an increasing tool of public intervention in the development process. Their primary purpose is to stimulate and accelerate national economic development under conditions of capital scarcity and structural defects in private business organisations. There are also basic considerations arising from the dangers of leaving vital sectors of the national economy to the whims of the private sector often under the direct and remote controls of foreign large-scale industrial combines. Public enterprises are thus crucial in Nigeria's quest for true national economic independence and self-reliance.

The actual performance of many of the public enterprises in Nigeria, however, leaves very much to be desired. Many of them were created in the 1950's out of existing civil-service departments to operate as "quasi-commercial" organisations, because :

(*a*) the normal government machine does not lend itself to the speedy decisions so essential for commercial operations ;

(*b*) the government system of accounts is designed to facilitate close expenditure control by the Legislature and not necessarily to promote operational efficiency ;

(*c*) commercial undertakings tend to generate an atmosphere of initiative and release greater energy on the part of the operational personnel ;

(*d*) it was necessary to minimise political pressure and partisan influence in some sensitive social institutions (such as the Nigerian Broadcasting Corporation), in order to sustain public confidence in their policies and programmes ; and

(*e*) it is doubtful whether private enterprise will sustain the magnitude of investment needed in certain vital areas of development (e.g. rail transport) which may not satisfy the canons of private profitability.

The difficulties and inefficiencies of many public enterprises in Nigeria are evidenced by the series of Tribunals and Commissions of Enquiries which have reported on their activities over the last decade at both Federal and State levels. Many of these were fact finding ; but some of them (e.g. the Ani Working Party of 1966 on Statutory Corporations and State-owned Companies) were established for specific policy reforms. It is clear that many of the public enterprises were not responsive to the changing requirements of a growing and dynamic economy. Some do not possess the tools of translating into reality the hope of successful commercial operations. The level and quality of personnel are sometimes mediocre and reflect the worst traditions and rigidities of the civil-service. Being mostly monopolies, the worst of all possible worlds are thus compounded, since they do not seem to enjoy the competitive benefits of private enterprise operations. Many of them suffer from over-capitalisation and poor managerial effectiveness. Considerations other than operational efficiency also sometimes get in the way of Government in trying to exert corrective measures on erring Boards of Directors and Management. The principle of insulation from partisan political pressure and sectionalism is more remarkable for its breach than for its observance.

The complexity of objectives which the new public enterprises, including State-owned companies, are enjoined to pursue, and the vague style in which some of these objectives are couched, are not really the explanation for their weak performance. Looking at these new public enterprises generally, especially in the industrial fields, there seem to be five basic causes of their poor performance :

(*a*) deficient feasibility and pre-investment studies, especially for the new industrial public enterprises ;

(*b*) wrong decisions on the location of industrial plants, motivated often by political advantage ;

(*c*) heavy, sometimes fraudulent, over-capitalisation ;

(*d*) inadequacy and wrong timing of working capital, and

(*e*) wrong staff policies.

All these can be traced ultimately to the nature and character of management, especially with respect to the process of selection, appointment, promotion, incentive and discipline in the leadership hierarchy.

It is important for policy to concentrate on management quality during the Plan period, since there is really little or no difference in the organisation and method of large-scale public enterprises and large-scale private enterprises. Both require large inputs of capital ; both are faced with similar operational decisions ; and both need modern management skills. It is therefore clear that Government must look at all public enterprises essentially as 'commercial business' for the purpose of their management and control.

The criterion or benefit-cost surplus must be brought explicitly to the fore in assessing their success or performance. Such a surplus cannot be established merely by the enterprises exploiting their monopolistic position to increase rates and charges or have more hidden subsidies. But given a new measure of capital reconstruction, the public enterprises must pursue a systematic application of budget programming, cost accounting, auditing and personnel control over the entire range of their activities. Their staff policies must be geared to productivity considerations and brought into line with the best practice in the private enterprise sector, so that remunerations and other conditions could with justification, be harmonised with the rest of the economy. Their annual financial results would then be an increasingly important basis for judging their performance.

The policy of Government has always been aimed at ensuring honest and efficient operation of the public enterprises, but by the very structure of existing control machinery, the economic objectives of establishing public enterprises seem to have been increasingly relegated to a secondary position. In order to correct this anormaly, Government intends to review the relationships between the Management and Boards of the Public Corporations on the one hand and the external controlling agencies and Ministries on the other. It is only by positive identification and involvement in the fortunes and operations of a public enterprise that an outside co-ordinating or controlling agency can help promote efficiency.

Ultimately, the success of the system of public enterprises in Nigeria will depend on the calibre of officers who run the public corporations and companies at all stages of policy formulation and operational control. If management is to be given adequate control over operations and personnel, then due care must be exercised in the selection, appointment and promotion of the top management staff. The Government will, therefore, undertake, during the Plan period, a thorough-going pruning of the management of public enterprises to stimulate competence, efficiency and effectiveness in performing the functions for which they have been created. Complementary programmes for the proper training and development of staff will also be pursued with vigour. The motivation and resources required must be provided to train Nigerians in modern technology and management skills that will enable the public enterprises to fulfill their crucial role in the country's development process.

5. Population Policy

The issue of population policy in contemporary Nigerian context must be handled with perception and discretion. A nation's population policy is influenced by the interplay of many factors : the magnitude of utilizable natural resources, the growth rate of the population, the level of per capita income, the age structure of the population and the employment potential. Firm data on Nigerian demographic characteristics are still scanty, though improving. On the analytical level, much also still needs to be known about the complex relationship between different measures of population control and economic development, at any rate, under the socio-political conditions of Africa.

Generally speaking, it can be said that Nigeria is going through a demographic transition phase of a rising birth rate and declining death rate, leading to a potentially high rate of population growth. Available evidence suggests an estimated population growth rate of 2.5% per annum. Per capita income level is, by world standard, still low. The youth-dependency ratio is quite high. So is the rate of urbanisation. Given the structure and techniques of production, a high proportion of the gainfully occupied population is concentrated in low-productivity sectors of national economic activity. There is, therefore, a high rate of urban unemployment and disguised unemployment. All these factors combined, would have suggested stringent population control measures on a national scale in Nigeria, but for her resource base and development potentials.

The magnitude of the country's population problem is unlikely to be such that calls for extensive emergency or panic action. Given the promising resource base of the economy, the country can, through careful planning, succeed in buying time to ward off undue population pressure. For Nigeria, the distribution and movement of population to reflect relative economic opportunities is probably more important in the short-run than the aggregate size of the country's population. The encouragement of skilled labour mobility and of the free movement of inter-state commerce are at the core of the basic national objective of promoting a united, strong and self-reliant nation.

What seems appropriate in the present circumstances of Nigeria is for Government to encourage the citizens to develop a balanced view of the opportunities for individual family planning on a voluntary basis, with a view to raising the quality of life of their offsprings. Facilities are to be designed to protect mothers, on a long-range basis, from repeated and unwanted pregnancies, as well as to enable parents space their children for better feeding, clothing and education.

The present high youth-dependency ratio is, of course, serious from the viewpoint of mobilising domestic saving and of growth-inducing capital formation. But it also offers an opportunity for innovations in social organisation, designed to harness the energies of the youth more purposefully for the development process. Given appropriate leadership and an honest national cause to which they can subscribe, the country can draw on the youths' reservoir of idealism, commitment and vigour which enhance rather than retard the quest for economic development and social change. This is a basic factor behind the National Youth Corps programme elaborated in Chapter 33.

During the Plan period, the Government will pursue a qualitative population policy by integrating the various voluntary family planning schemes into the overall health and social welfare programme of the country. Families would have access to information, facilities and services that will allow them freedom to choose the number and spacing of their children. The work already done by the Family Planning Council of Nigeria has contributed much towards preparing some communities for family planning services. A Government programme would be able to move with greater assurance, certainty and vigour in bringing family planning facilities within reach of many more willing communities, always with the emphasis on the voluntary nature of the family planning operations. The Government will establish a National Population Council to implement this population policy and programme, and to co-ordinate all external aid support for family planning activities throughout the country.

6. External Policy

Before the civil war, there was a general tendency on the part of Nigeria to view the conduct of external policy rather narrowly, in terms of the projection of an image of international good behaviour and diplomatic correctness. The underlying principle of non-alignment to which the country was committed on the eve of Independence in 1960 often lacked, in practice, a dynamic personality and suffered from excessive caution in making new friends and pursuing national interest that may offend old ones.

But it is absolutely essential for the country's external policy to be seen, henceforth, as an integral aspect of national policy; it is to serve, at all times, the nation's primary interest, particularly in the economic field.

From the Plan period onwards, the Government will close the gaps in the country's external policy by relating its conduct and content to the pressing needs of the domestic economy. This is the context in which the current public expenditure of about £4 million per annum in scarce foreign exchange resources on various Nigerian missions abroad, can be justified. The Government will seek to integrate and harmonise external policy with the general policy measures designed to stimulate faster development of the country's potentials.

The country's external policy will be conducted in such a way as to fire the imagination of the people of Nigeria, inspire and spur them to greater endeavour—an attitude essential for sustained rapid economic development and social integration. It will seek to maximise the benefits which could accrue from an expanding and more diversified international trade and international movements of capital and skills. It will actively support all concerted measures to minimise the great international disparities in living standards and technological attainments. Nigeria will seek concerted efforts, within the United Nations and associated international institutions, to promote the interests of Africa and the Third World in terms of more liberal commercial and financial policies by the advanced industrial countries. World resources for development must be restructured for a more rational and balanced use. New forms of international aid will have to be organised and geared more to effective and meaningful development propositions than diplomatic and political propaganda.

These are the real challenges of international diplomacy for Nigeria. The Government will respond by giving its external policy a new content and a new style. During the Plan period, the main objectives of such a policy will be to promote the country's trade with, and investment from, the outside world on mutually beneficial terms and concentrate on protecting Nigeria's vital interests abroad.

CHAPTER 9

ECONOMIC INTEGRATION AND AFRICAN UNITY

Over the last two decades, a lot had been said about the desirability of economic integration in Africa. Apart from its economic advantages to the African continent, it could serve as the spring-board for political unity. However, numerous practical problems forbade the consumation of this laudable expectation. As a step towards African economic integration, it is realised for example that the continent may have to be split into a number of economic sub-regions (of which West Africa is one) and for each sub-region to have its own economic union. Thus, when deliberating on economic integration in Africa, the practical starting point should be the steps being taken in a given sub-region towards this end. In the Nigerian context, the West African sub-region is the domain of immediate policy relevance.

Economic integration can take several forms according to the degree of co-operation participating countries wish to foster. First, and perhaps the simplest to negotiate, is the free trade area which involves abolition of tariff and quantitative restrictions among the participating countries but leaves each country to establish independent external tariff against third countries. Second, there is the customs union involving abolition of internal barriers to trade and a common tariff against third countries. A third and higher form of economic integration is the common market where restrictions on both trade and factor movements are abolished. Fourthly, there is the economic union which combines abolition or restriction on commodity and factor movements with some degree of harmonisation of national economic policies. Finally, there is total economic integration which unifies monetary, fiscal, social and other policies and requires a supra-national authority whose decisions are binding on all member states.

In West Africa, economic union is theoretically embraced by all countries in the West African sub-region. The traditional arguments for economic union are not really appropriate for West Africa, because they focus attention on the efficient distribution of existing output and a better allocation of existing resources in order to increase the welfare of participating countries. This is essentially a static approach which is useful within the context of industrialised economies.

West African countries should, on the other hand, be more interested in the dynamic approach inherent in the concepts of economic integration, economic development and structural change with their corresponding pattern of trade. It is this kind of approach which was reflected in the Protocol Establishing the West African Regional Group signed in Monrovia on 24th April, 1968 by the Heads of States of the countries in the sub-region. At that time also, Nigeria and Guinea were requested to undertake priority studies of the areas of co-operation for the Group. Officials of the governments of Guinea and Nigeria held series of meetings in Lagos in June 1968. Subsequently, they met in Conakry to prepare their report on the priority studies. This report has been completed and circulated among countries in the sub-region awaiting consideration of the Group's Ministerial Council. Agreed areas of co-operation arranged in order of priority are as follows :

(*i*) Trade, Transport and Communications, Education, Cultural Exchange and Information ;

(*ii*) Research and Health ;

(*iii*) Energy and Heavy Industries.

According to Article 2 of its Treaty, the West African Regional Group is to establish a Common Market. It therefore made provision for the abolition of tariff and quantitative restrictions among member countries, establish a common external tariff against third countries and ensure factor movements in the sub-region. Really, the common market will be the second phase of the integration process. According to Article 25, a customs union would be established immediately, and free factor movements would be accomplished in a later phase for the common market arrangement.

It looks as if it would take some time for the West African Economic Community to become a reality because of political, social and economic considerations. Countries in the sub-region are aware of this fact because economic policy in the sub-region is usually geared towards the raising of revenue from duty, protecting domestic industries that offer employment to indigenes and ensure import substitution, safeguarding balance of payments because of persistent foreign exchange pressures and discharging obligations that arise from semi-colonial economic ties with other countries either because of the colonial past or by virtue of belonging to particular monetary zones. Thus, though trade liberalisation is accepted as a laudable goal, the specific products concerned are economically and politically sensitive. They include (*i*) agricultural products originating in the sub-region except cocoa, coffee and groundnuts ; and (*ii*) industrial products like cement, textiles, tyres and tubes, plastic products and roofing sheets. Negotiations on the liberalisation of trade on these commodities are likely to be protracted.

Nigeria believes that even before the economic integration of the type envisaged under the Monrovia Treaty, West African countries can develop closer economic relations by at least removing the present reverse preferences granted to the developed countries, preferences which are obviously inimical to the growth of intra-West African trade. At present, some of the countries in the sub-region grant preferences to industrialised countries and by implication discriminate against fellow West African countries by imposing artificial barriers to trade.

1. Import Restriction in Some West African Countries

Trade restriction can take either of two forms—tariff and non-tariff barriers to trade. Tariff barriers can also take various forms. For example, a prohibitive tariff could be levied on particular goods from all sources or such prohibition could be directed against goods coming from a particular source. The latter device is punitive and may be taken for political or economic reasons (e.g. if there is persistent trade deficit in favour of the countries supplying the import). Non-tariff barriers refer to quantitative restriction in one form or the other, or even outright prohibition of import. Again, such device may be resorted to for political or economic reasons or both. Whatever form trade restriction may take, it is potentially injurious to the welfare of the society as it causes trade diversion and, in the short-run, denies to the citizens of a country the freedom to buy from the cheapest source.

All forms of restriction described are at present in operation in the sub-region ; and without doubt they contribute to the limited scope of intra-regional trade level and pattern. Apart from tariff barriers, other types of direct restrictive import measures applied by many African countries are :

(*a*) Licensing controls,
(*b*) Restrictions through quota, and
(*c*) Import prohibition.

2. Barriers to Economic Integration

West Africa has been a victim of different currency groupings which are the legacies of the colonial past. With the exception of Togo, all the Francophone countries give preferential treatment to EEC countries and countries in the Franc-zone. Although Ghana and Togo operate some form of import restriction, these are, as in Nigeria, applicable to all countries and no preference is given to any particular country. One can, therefore, infer that these steps are taken in view of the foreign exchange position in these countries. This can be contrasted with the situation in Dahomey, Ivory Coast, Niger and Upper Volta where various quota systems are in operation—quotas for EEC countries, global quotas and special bilateral quotas. It can also be pointed out that in Ivory Coast especially, it is usual for EEC countries to use global quotas if their own are exhausted, thus enjoying double preferential treatment. The effect of these measures is that the products of some countries like Nigeria, Ghana, Guinea, Sierra Leone, Gambia and Liberia, which do not belong to the Franc-zone or are not associated with the EEC in the sub-region, are artificially shut out for reasons other than economic.

Apart from these quantitative restrictions on the basis of currency groupings, there are also tariff barriers applied by some countries in the sub-region which are discriminatory against other West African countries. Dahomey, Ivory Coast, Niger and Upper Volta have two basic customs charges: namely, (*i*) non-preferential fiscal duty which averages between 10 and 15 per cent, and (*ii*) customs duty which averages between 5 and 25 per cent. All goods from EEC and from the Franc-zone are exempted from the custom duty. Nigeria and Ghana, on the other hand, have the one-column Brussels Tariff Nomenclature with import duties applied equally to goods from all countries. Duties in these countries are either specific (based on weight, quantity or other physical characteristics) or *ad valorem*, or a combination of both. Where a commodity is subject to a specific and an *ad valorem* duty rate, the rate which yields the highest revenue applies. Togo has non-preferential *ad valorem* fiscal charges and, unlike the other Francophone countries mentioned above, has no customs duties. In other words, like Nigeria, both Ghana and Togo have no preferential fiscal policy in favour of particular countries.

It is thus a disquieting coincidence that those countries which operate quantitative restrictions against other countries (including those in the sub-region) also have tariff barriers. Where an African country not in the Franc-zone manages to have a quota, her products may therefore still not be imported into say Dahomey, Niger, Upper Volta or Ivory Coast, because of a discriminatory tariff wall which makes its products uncompetitive.

It is clear that if West African countries could maintain non-discriminatory duties, intra-West African trade in manufactures will be greatly expanded; and this will promote a more rapid economic growth in the sub-region. This is easier to attain than the abolition of duties (however gradual), which economic integration entails. Such abolition will lead, for instance, to a loss in customs revenue—a source of financing on which most West African governments still depend.

3. Harmonisation in the West African Sub-Region

As a means of accelerating economic growth, the importance of co-ordinated development in West Africa has been in the fore-front of policy deliberations since the massive movement towards independence in the late 1950's and early 60's. The Organisation of African Unity provided the political framework for African economic co-operation, while the United Nations Economic Commission for Africa produced the technical studies required both at the continental and sub-regional levels.

The basis for the current interest in economic co-operation in West Africa is largely economic and is bound up with the nature of the economies of the fourteen countries of the West African sub-region: Dahomey, Gambia, Ghana, Guinea, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo and Upper Volta. Their national markets are very small; the volume of trade among them in relation to their trade with the rest of the world is minimal; their production for domestic use and for export consists mainly of primary agricultural products; their national income per head of population is everywhere much below the standards of most under-developed countries; their economies are far too sensitive to forces external to them and their development policies are still indicative of neo-colonial characteristics.

In active pursuance of its firm belief in African economic co-operation, Nigeria fully participated at various conferences on the Harmonization of Industries at Niamey, Bamako and Monrovia. It also participated in the sub-regional meetings held at Niamey in October 1966, at Accra in April 1967, at Dakar in November 1967, and at Monrovia in April 1968. These were in accordance with Resolution 142 (VII) of the 7th Session of the Economic Commission for Africa.

Nigeria also participates in co-operative commodity arrangements such as the African Groundnuts Council and the Cocoa Producers Alliance. To promote Intra-West African Trade, Nigeria has entered into trade agreements with the Republics of Togo, Cameroun, Senegal, Guinea, Niger and Mali. Similar agreements with Dahomey and Chad are under negotiation. Trade agreements have already been signed with some other African countries such as the U.A.R., Congo (Kinshasa) and Tunisia. The joint customs post for Dahomey and Nigeria has been opened ; and attempts are being made to establish similar customs administration with the Republics of Cameroun, Chad and Niger. As economic co-operation will be enhanced by the development of suitable telecommunication and transportation links among African countries, Nigeria has extended her telecommunication system to link various African countries. At present, there are telegraphic links with twelve countries, radio-telephonic links with eighteen and telex links with ten. This is one of the most extensive networks in the African Continent. In the field of transport, Nigeria has in existence air services agreements to link the Republics of Cameroun Chad, Niger and Dahomey. The Bornu railway extension scheme was also carried out in the hope that the line will in the not too distant future connect Fort Lamy in Chad. Nigeria also hopes to enter into co-operation in the construction of road links with neighbouring African countries.

When the first National Development Plan was launched in 1962, there was no conscious attempt to harmonise the Plan with the National Plans of other African countries. But efforts have since been made to harmonise development policies of member countries surrounding the major river and lake basins in West Africa.

Established in 1964, the Lake Chad Basin Commission is one of such organs aimed at harmonising economic development policies. Nigeria is one of the four member countries bordering the Lake, (Cameroun, Chad and Niger being the remaining three) which are co-operating to promote the economic development and social well-being of the Basin Area. Because of the basic similarity of the people living around the Lake, an awareness of their common interests and the excellent relations existing among the four governments, this task of joint development has not been too difficult. The Commission has sponsored three general programmes :

(*a*) An Inventory of Water Resources in the Chad Basin, and

(*b*) A Survey of the Chad Basin Water Resources.

(*c*) A Road link between Nigeria, Chad and the Cameroons.

The first project was designed to prepare a hydrogeological map of the water resources of the basin, while the second project was aimed at a complete survey of water resources as a basis for the comprehensive development of agriculture, fisheries and animal husbandry.

Nigeria has many specific projects in its sector of the basin which are bound up with the general programmes of the Commission. Some of these projects include the setting up of a cattle ranch near Maiduguri, rehabilitation of bore holes, investigation of the Maiduguri wells, investigation of surface and underground water resources, irrigation of about 10,000 acres in the Yobe River basin, the South Chad irrigation project, geological mapping of sedimentary areas around the Lake, locust control, fisheries research, extraction of pulp and paper from the abundant growth of papyrus in the basin and contour mapping of the whole area. Joint pilot irrigation projects within the framework of the Commission are also being carried out in the Nigerian sector of the basin to find answers to the problem of the economic use of water for growing massakwa rice and wheat.

Another multi-national body in which Nigeria has actively participated is the River Niger Commission composed of nine riparian States : Cameroun, Chad, Dahomey, Guinea, Ivory Coast, Mali, Niger, Nigeria and Upper Volta. The Commission is entrusted with the task of encouraging, promoting and co-ordinating studies and programmes concerning the conditions of navigability and the agricultural and industrial exploitation of the waters of the

River Niger basin. It makes general regulations to ensure the safety and control of navigation so that, vessels and boats of all nations can safely ply the whole river stretch without discrimination. In this way, Member States are able to control the use of the waters of the Niger for navigation, irrigation and the generation of electric power.

Nigeria attaches great importance to the work of the River Niger Commission because of its role in the preservation of the waters of the Niger as an international waterway. With the completion of the Kainji Dam, the improvement of navigational works at several points on the river stretch within Nigeria and the execution of the navigability study of the middle-stretch of the Niger, it should soon be possible to open up the land-locked countries of Niger and Mali to merchant vessels and to set up yet another transit route through Nigeria.

The Commission is interested in the execution of studies, capital projects and other works carried out in the Niger basin and keeps member States informed through systematic and periodic reports. It collects, evaluates and disseminates basic data on such important subjects as, the increasing demand for river transportation and the growth of commerce among member States to stimulate the development of large and small-scale manufacturing industries in the basin. By maintaining continuing interest in the development activities of member States, the Commission is thus potentially placed in a strong position to anticipate and co-ordinate activities likely to affect the River Niger.

The foregoing were contributions made by Nigeria towards economic co-operation and the harmonization of development policies in the West African sub-region during the 1960's. The River Niger and Lake Chad Basin Commissions offer a ready means of strengthening age-old commercial links. Nigeria would not only continue to take advantage of these links but also help in forging new ones with other parts of Africa.

CHAPTER 10

RESETTLEMENT AND REHABILITATION

The immediate solution of the post-war Rehabilitation and Resettlement problems is a necessary condition for the smooth and effective implementation of the four-year Reconstruction and Development Programme. Immediately hostilities ceased, the Government mounted a massive Relief Programme designed to alleviate pain, distress, starvation, anxiety and death in the war affected areas. The programme took the form of supplies of food, clothing, shelter and medical care for the needy, dislocated and homeless.

The National Commission on Rehabilitation and the Nigerian Red Cross mounted the task-forces for implementing and co-ordinating external assistance for the Emergency Relief Operations. No sooner the problem of relief was contained than the need to resettle and rehabilitate persons and damaged physical assets arose. Programmes and projects that were suspended during the period of hostilities had to be commenced. Roads, bridges, electricity undertakings, agricultural schemes and the like engaged the attention of Government, with the specific purpose of re-activating the national economy. Operationally, resettlement and rehabilitation is conceived as a programme of creating appropriate opportunities for gainful occupation by those who have suffered from the disruptive effect of the war.

1. General Nature of the Problems

The typical problems which the resettlement and rehabilitation programmes are mounted to solve include :—

(*a*) the disabled and the needy who have to be cared for in special institutions or for longer periods ;

(*b*) persons whose means of livelihood were seriously disrupted by the war ;

(*c*) demobilised armed forces personnel to be trained and placed in gainful employment in civilian life ;

(*d*) productive assets damaged or dislocated during the war, to be resuscitated as a matter of urgency ; and

(*e*) restoration of dislocated and damaged infrastructural services such as roads, ports, rail and airports.

The general strategy adopted in tackling the numerous problems of rehabilitation and resettlement is to implement schemes and create the economic environment that would enable people to engage in gainful public or private employment, including the self employed. Public programmes are, as a matter of policy, directed at getting the farmers back to the land, workers to their work places, traders to the market, transport operators back on the road and craftsmen to their workshops ; all geared to the singular objective of reviving economic life by generating income and employment.

The specific requirements for resettlement and rehabilitation programmes differ from area to area and from sector to sector. In certain areas, the crucial factor may be the restoration of public utilities for re-activating job opportunities. Examples are electricity and water supply and medical facilities in the three Eastern States and some parts of the Mid-Western State. In other areas, it may be vital transport links, equipment and spare parts to facilitate the evacuation of produce. Or, they may be the re-establishment of banking facilities and the provision of capital and facilities needed for stimulating production and exchange. Some 'pump-priming' programme may be needed elsewhere in the form of deliberate public-sector jobs by Local, State and Federal authorities. In the case of the Armed Forces personnel, some form of vocational training in various fields is essential before they are demobilised. What is vital is for all those involved in the task of resettlement and rehabilitation to focus attention on the need to minimise the scarce resources of time, money and personnel by concentrating on programmes and projects directed at removing the "bottlenecks" to local economic recovery in the areas affected.

2. Policy and Strategy

In pursuance of the objectives enumerated above, the policy guidelines which have governed the resettlement and rehabilitation programmes are as follows :—

(*a*) Early establishment of State and Local Government Administration not only for the maintenance of Law and Order, but as avenues for gainful occupation and as agents for designing and implementing economic recovery programmes.

(*b*) Early restoration of public utilities and economic infrastructure in the form of water, fuel and lighting, public buildings, roads and bridges, banking and financial institutions.

(*c*) Re-absorption of workers and officers displaced by the war. For public, as well as private institutions, it is essential in this regard to recognise the critical needs for personnel in the war-affected areas themselves. A re-absorption exercise must therefore be phased, such that the immediate needs of those areas are reasonably satisfied as a matter of priority.

(*d*) Assistance to the farming population in the form of seeds and seedlings, tools and credit facilities, such that maximum advantage was taken of the planting season.

(*e*) For export crops, the Marketing Board system is being activated and strengthened for the revival of production and evacuation of produce.

(*f*) In the agricultural resettlement programmes, reliance is placed on the conventional mode of production and organisation. Attempts to settle people in completely new areas as a public-sponsored programme would be avoided. Resettlement is conceived more in its occupational than its geographical dimension.

(*g*) For industrial activities, maximum encouragement is given to the private investors to restore their war-damaged capacities in the shortest possible time. The same applies to projects partly sponsored by Government. Mining and industrial activities in the public sector whose financial structure and future viability are questionable have to be carefully examined before restarting their operations possibly on a new scale.

(*h*) Transportation and communication links by road, water and air are being re-established within and between the war-affected areas and the rest of the country. The public agencies concerned like the Nigerian Ports Authority, the Nigeria Airways, and the Nigerian Railways Corporation promptly carried out surveys of their requirements for restoring their facilities. With respect to road transport, the services and equipment of the Armed Forces are being harnessed for temporary repairs of roads and bridges.

3. Programmes and Projects

The resettlement and rehabilitation programme was specially authorised by the Federal Executive Council in February 1970, because of its urgent nature. The main public sector programmes successfully organised since then are, the rehabilitation of the posts and telecommunications facilities, electricity supply from Afam and in the Asaba-Onitsha-Enugu complex, eastern railway line, Calabar and Port Harcourt ports, the Niger Bridge and other bridges and roads in the war-affected areas. A significant feature of the programme of Resettlement and Rehabilitation is that, by its nature, it must be conceived as a transitional stage between Emergency Relief and the Reconstruction and Development Plan.

The major projects in the programme described below are in the field of Agriculture, Transport, Health, Education, Building, Water supply and Power.

(a) *Agriculture*—The requirements in this sector are for specific rehabilitation projects which could be easily mounted to provide employment and income for fishermen and farmers in the war-affected areas. The requirements for seeds and seedlings, tools and equipment in this sector were organised as a matter of urgency to enable the farmers satisfy their requirements in the planting season in March-April 1970. Workshops for the local manufacture of farming implements, such as hoes, are being re-activated with Government assistance in addition to the large-scale distribution of free matchets, cutlasses and other implements, to farmers. Emergency measures for the rehabilitation of plantations have also been adopted. The fishermen in the war affected areas have been assisted to get back on their feet through the supply of fishing nets, boats and the provision of credit facilities and the establishment of co-operatives.

(b) *Transport*—Requirements in the Transport sector are of two categories: requirements for vehicles in support of services in the public sector; and requirements for the rehabilitation of roads and bridges. Both are vital for the revival of economic and social activities in the areas affected. The vehicles required are for carrying out essential services in the fields of Health, Education, Agriculture, Public Works, Commerce, Transportation and Administration. These are services which must be rendered by the various government agencies concerned in order to revive social and economic life in these areas. Requirements in the Transport sector concerning maintenance and construction of roads and bridges necessitate the supply of items like bailey bridges and the equipment which would enable the Public Works agencies in the war-affected areas to repair, restore and maintain the roads and bridges.

(c) *Health*—The emergency care of the sick and wounded has been one of the primary concerns in the Rehabilitation and Resettlement Programme. The urgent need is for the repair of damaged hospitals and the supply of drugs and the equipment for running the hospitals in the area. Medical personnel have also to be provided from outside the areas affected.

(d) *Education*—The urgent need in this sector is to replace school furniture, such as desks, benches, tables and cupboards destroyed during the war. Government will assist the establishment of local furniture workshops in the affected areas through the provision of tools and initial working capital. This is designed to create employment by using local labour as well as supply the required school furniture. Another area of urgent need in this sector is to re-equip Secondary Schools with science equipment, library materials and appropriate text books. Text books and note books are also required for primary schools. In the case of science equipment, library books and textbooks, standard kits of these materials are being distributed to the affected schools.

(e) *Building Programme*—The provision of shelter for those whose homes were damaged during the war has been one of the critical areas in the Rehabilitation Programme. Roofing sheets, cement and other building materials are required in considerable quantities to provide much needed shelter for the homeless and for the rehabilitation of public buildings. In order to obtain these requirements at low prices, Government would have to import building materials in large quantities both for public buildings and for distribution to private people at subsidised prices as appropriate.

(f) *Water Supply*—Equipment for water supply in most areas in the war-affected states have either been destroyed or have deteriorated during the war. There is therefore considerable need for the supply of various kinds and specifications of water pumps, both for general water supply and for specific industries, plantations and hospitals.

(g) *Power*—Almost all the electricity generating units in the war-affected areas had ceased to function by the end of the civil war. The Afam Power Station was completely shut down and the transmission lines in former war zones disconnected. The Electricity Corporation of Nigeria has mounted a rehabilitation programme to tackle the problem of supply of sufficient power both for lighting and industrial use. It is absolutely essential to undertake a crash rehabilitation programme to enable the industries in the war-affected areas to start off. Already a large number of generators has been distributed in the war-affected areas for emergency supplies for essential services.

4. Overall Magnitude

The total cost of Emergency Relief operations and the subsequent Resettlement and Rehabilitation Programmes, including the substantial external assistance, is estimated at about £70 million. But, by its nature, some of the work was completed before the commencement of the present Plan. The Plan has, therefore, concerned itself with the balance of the programmes. In a significant sense, most of the projects and schemes in the Reconstruction Plans of the State Governments in the war affected areas are, in their essentials, Resettlement and Rehabilitation Programmes. In this context the *ex gratia* currency grant of £20 per head and the currency grant of about £10 million have made a significant impact on the social and economic life of the areas where effective currency exchange did not occur during the war. In addition, a provision of about £10 million has been made in the Federal Government's Programme for this purpose, as follows :

CAPITAL EXPENDITURE ON RESETTLEMENT AND REHABILITATION 1970-74

£ million

Programme	1970-71	1971-72	1972-73	1973-74	*Total*
Rehabilitation and Resettlement Programmes	5.4	3.5	—	—	8.9
Rehabilitation and Training of Armed Forces Personnel	0.25	0.15	0.1	—	0.5
Rehabilitation and Resettlement of demobilised Armed Forces Personnel	0.1	0.25	0.25	—	0.6
TOTAL	5.75	3.9	0.35	—	10.0

CHAPTER 11

DEFENCE AND SECURITY

Over the 1962-68 period, this sector was appropriated a cumulative capital expenditure of about £88 million, out of which £66 million was spent. It thus recorded an "underspending" of about 25 per cent of the Budgetary appropriation. The authorised allocation was not expended mainly because of actual resource constraint and the shortage of executive capacity. There was delay in the release of funds, and even when funds were subsequently released, the executing agency was often not able to organise promptly the necessary task force needed for the projects. Table 1 below shows the total appropriated sums, the corresponding actual expenditure and the resulting degree of underspending incurred during the plan period.

TABLE 1

CAPITAL EXPENDITURE, 1962-68

Service	*Total Appropriated*	*Actual Expenditure*	*Underspending*
	(£m)	(£m)	*percentage*
Defence	71.5	57.9	16.5
Police	15.7	7.1	49.3
Prisons	0.7	0.5	16.9
TOTAL	87.9	65.5	25

An interesting feature in the performance of the sector during the 1962-68 Plan period is the disparity between the plan estimates and the total amount appropriated, as shown in Table 2.

TABLE 2

PLAN PROVISION, 1962-68

Service	*Plan Estimates*	*Total Appropriation*	*Extra Provisions*
	(£m)	(£m)	*percentage*
Defence	29.7	71.5	14.8
Police	10.3	15.7	52.4
Prisons	0.5	0.7	4.0
TOTAL	40.5	87.9	11.8

The main reason for this disparity is the change in Government security programmes over the period. The Armed Forces had to be enlarged considerably between 1967 and 1969 to cope with the problems of internal security and the civil war in the country. There was also the Government decision to integrate the Native Authority Police with the Nigeria Police. The Prisons Service, though on the concurrent legislative list, was also centralized. All these policy decisions led to expanded defence and security programmes with their attendant increase in costs to meet the expanded personnel, accommodation, equipment and training programmes.

The capital expenditure programme for this sector under the present Plan has to be looked at in the light of the problems posed by its performance during the last plan and the demands for the post-war emergency situation. In the first place, some of the expansion of the Forces started during the last plan period must be rephased. The Armed Forces have increased in size as a result of the Civil War ; and although there would be some degree of demobilisation, this must be gradual and be predicated upon a Retraining and Resettlement Programme with employment opportunities for the demobilised servicemen. Besides the re-integration programmes of the Police and Prison Services must also be completed.

Secondly, although the defence and security sector can be regarded as largely unproductive from an economic standpoint, recent experience shows that its effective performance is very crucial to the very existence of the nation. The sector can no longer be treated as a residual factor in the allocation of reasources, as this could be self-defeating. Allocation of meagre resources to the sector may impair its efficiency. It has, therefore, been necessary to treat the sector as far as possible on comparable basis with other projects competing for developmental resources. It is recognised that the sector could produce the skilled man-power and disciplined organisation of wider use for Reconstruction and Development.

There are also tests for cost efficiency for a given level of defence service. Security capacity can be utilised to its maximum extent and additional projects can be implemented with the minimum possible resources. Service-cost effectiveness has, therefore, been the guiding principle for project selection in the sector.

It is in the light of these considerations that during the Plan period, task-forces will be organised within the Armed Forces to undertake Reconstruction and Development projects, such as building of roads, bridges, public institutions and certain agricultural programmes. The task-forces will thereby contribute in a substantial manner to the development process beyond the narrow confines of security. The Plan makes provision for the necessary equipment and training of the relevant units of the Armed Forces for the efficient implementation of appropriate public-sector reconstruction programmes.

Now that the country has returned to peaceful conditions, the services of the Armed Forces and the Police are even more complementary. Training would be geared to an efficient and disciplined combined security force on which the country could count at all times. All security programmes, both military and para-military, are therefore appraised on the basis of their effectiveness with respect to efficiency and management cost.

1. Defence

The successful prosecution of the civil war has demonstrated clearly the role of Defence and Security in the Nigerian economy. The need to establish an efficient military and para-military organisation based on modern techniques and sound training cannot be over-emphasised. The effectiveness with which the Armed Forces contained the rebellion and the forces of secession is a testimony to the resilience and potential capability of the national economy.

With the out-break of civil war, the Government had to enlarge the size of the Armed Forces beyond what might be considered necessary to maintain during peace time. It is the policy of the Government to demobilise some of the Armed Forces personnel to a level consistent with the budgetary constraint and the capacity of the economy to bear the military expenditure burden. This will be done without prejudice to the maintenance of domestic peace and stability and the preservation of the nation's territorial integrity against external aggression.

Government will ensure that adequate provision is made for those to be demobilised by giving them relevant educational and vocational training in preparation for their re-absorption into civilian life. In some cases, those who were gainfully employed before enlisting in the Armed Forces would be given financial and technical assistance to re-establish themselves in normal productive activities. Programmes would be mounted for the disabled Armed Forces personnel in order to keep them actively engaged during their life time. In recognition of the sacrifices they have made, Government has set up Rehabilitation Centres where they are being fed, clothed, medicated and taught some vocation to keep their body and soul together.

The priorities in this area are very clear. A sound educational base for all military personnel in modern techniques of military operations would be fostered. Such educational programme would include technical and general education additional to normal military training.

Increasing importance will be attached to research in the development of military training under African conditions. There would be a systematic pursuit of modern strategic studies through the Nigerian Institute of Strategic Studies.

One of the ways of ensuring a happy and well disciplined Armed Forces is the provision of good accommodation with all its attendant physical, health and educational facilities. Adequate provision has, therefore, been made for suitable accommodation for the Armed Forces during the Plan period.

A provision of £78 million has been made for the Capital Expenditure Programme of the Armed Forces during the four-year period.

Defence Industries Corporation—The Defence Industries Corporation was established to meet part of the military requirements of the Armed Forces. During the Plan period, the activities of the Corporation will be expanded to meet the commercial and industrial requirements for tools, locks and keys and spare parts. This expansion programme will be financed from the industrial allocation in Chapter 16.

2. Police

During the 1962-68 Plan period and in the war years, the Police authorities were partly pre-occupied with building up a unified police service in the country. This involved the integration of the Native Authority police force with the Nigeria Police. The programme includes the retraining of the Native Authority Police and the provision of standard accommodation and equipment. The Police was also engaged in the expansion of the Force to include the Mobile Force as a para-military body. The purpose of such expansion is to cope effectively and immediately with all civil disturbances that might endanger the internal security of the country.

In spite of the civil war, the Police was able to maintain its organisation intact. With the establishment of a twelve-state structure of Government, it becomes necessary for the Police Force to expand. The needed expansion calls for increase in the strength of the Force, provision of training facilities and equipment, and provision of adequate accommodation facilities to provide, during the Plan period, for the housing of about 80 per cent of the Force personnel as they might be called from time to time for emergency duties.

In order to train officer members of the Police Force, Government has not only increased the intake in existing training centres, but has also approved the building of a Police Staff College. The Staff College would cater for about 60 officers of the rank of Assistant Superintendent and 100 Inspectors each year. The total estimated cost of the Staff College is £860,000. In addition to the Staff College, a provision of £12.86 million is made for accommodation, equipment and training of the Police personnel in the four-year period.

3. Prisons

The Government has started reintegrating the Prison Services in the country since 1966. It is now intended to reorganise the Service to complete the re-integration programme effectively, covering all Federal, Local Government and Native Authority prisons. To this end, suitable accommodation will be provided. In order to reduce the general state of overcrowding, ensure effective rehabilitation and make the most productive use of prison labour, prisons will be regrouped on functional basis into Remand and Reception Centres, Industrial Production Prisons, Industrial Training Prisons and Prison Farms in line with the main recommendations in the Cameron-Bradely Report on the "Reorganisation of the Prison Service and the Integration of the Federal, Local Government and Native Administration Prisons". Supporting services in the areas of health, education, library, and training of prison staff will be made available. A capital expenditure of £5.5 million is programmed for the four-year period.

4. Defence and Security Capital Expenditure, 1970-74

The summary of the capital development programme for Defence and Security, totalling £96.360 million is shown in the following Table :

TABLE 3

DEFENCE AND SECURITY PROGRAMME, 1970-74

£'million

Service	1970-71	1971-72	1972-73	1973-74	*Total*
Defence	15.000	20·000	21·000	22.000	78.000
Police	3.000	3.280	3.290	3.290	12.860
Prisons	0.500	1.000	2.000	2.000	5.500
TOTAL	18.500	24.280	26.290	27.290	96.360

CHAPTER 12

GENERAL ADMINISTRATION

The success of a Development Plan depends to a large extent on the administrative ability to carry out the resulting policies, programmes and projects in the Plan. The importance of an administrative organization arises from two considerations. First, it is the basic unit responsible for co-ordinating, maintaining and evaluating the varied activities of Government and ensuring that they are in accord with the political, social and economic objectives of the nation. Second, it serves as the primary executing agent for specific programmes and projects within the Plan. It follows then, that an efficient administrative system will lend its weight to the success and achievement of plan targets and priorities. The reverse is the case if the administrative structure is weak and ineffective. The smooth and efficient performance of the administrative system is a major determinant of the executive capacity available for realising the Plan.

1. Recent Performance

During the 1962-68 Plan, the capital expenditure of the then four governments in the Federation on General Administration came to £104.8 million. This amount includes the Federal Government's expenditure of £65.5 million on Defence and Security. The allocations made by the four Governments together with their actual expenditures are shown in the Table below

£'million

Government	*1962-68 Plan Allocation*	*Actual Expenditure*	*Over-Expenditure on Plan Allocation*	*Percentage Change*
Federal	44,187	91,292	+47,105	+106.4
Northern	993	4,040	+ 3,047	+306.8
Eastern	2,317	2,739	+ 472	+ 20.3
Western (including Mid-Western)	1,556	6,653	+ 5,097	+327.5
TOTAL, ALL GOVERNMENTS	49,053	104,774	+55,721	+113.7

Sectorally, this is perhaps the area where the largest over-expenditure was recorded during the 1962-68 Plan. A full comparison on this is shown in Table 3 of Chapter 2. At the Federal level, the distortion between planned and actual expenditure was caused by the Defence requirements which increased enormously towards the end of the Plan period. At the Regional level, the over-expenditure was due to lack of proper planning and inadequate allocation of funds to the Sector in the first instance. In the Northern Region, for example, it was obvious that a planned expenditure of under a million pounds for the building of a Secretariat, Judicial and other administrative offices in an area of 281,782 square miles and for a population of nearly 29 million people was unlikely to satisfy feasible requirements. A similar case of inadequate allocation of funds to the Administration Sector could be made for the Western Region, which at that time included the Mid-West. Thus, the distortions and over-expenditures which showed up in the implementation of programmes in the General Administration Sector of the former Regions were due partly to defective conception and planning.

2. General Scope of the Sector

According to the economic classification adopted in the present Plan, Defence and Security are excluded from General Administration and treated separately in Chapter 11. The capital expenditure programmes included in the Administration Sector proper consist mainly of building projects from the Ministries of Establishments, Economic Development and Reconstruction, Mines and Power, Transport, Internal Affairs (excluding Prisons), External Affairs, the Boards of Customs and Excise and Inland Revenue, Audit, the Judiciary and the Central Bank.

The summary in Table 1 below shows that while the Federal Government has a planned programme of £23.432 million during the four-year Plan, the twelve States put together have capital expenditure proposals to the tune of £28.94 million. This higher planned capital expenditure by the States stems from the fact that the twelve-State structure of government recently established will come to fruition during the Plan period. The new States need to build up their administrative infrastructure not only at the State Capitals but also in the Administrative Areas within the States.

3. Policy Issues

Since the Plan has to be implemented at many levels—Federal, State, provincial, district and village—there must be co-operation and co-ordination among the different layers, to ensure proper and successful implementation. It is an important policy objective that the presence and authority of the Federal and State Governments be felt at all levels of contact with the population. The achievement of this will facilitate the effective implementation of the Reconstruction and Development Plan generally.

A very important element in the economic administration of the country, is the transmission of information between the Federal and State Governments, as well as among the Ministries within each level of government. There must always be a criss-cross transmission of information between the government and the people in a meaningful pursuit of the national objectives.

Another aspect of the problem arises from the apparent weakness in the administrative structure of the governments, both at the Federal and State levels. There is an acute shortage of trained personnel in the administrative and professional cadres. Modern civil administration is rapidly becoming complex and specialised, owing to new developments in organisation and methods. In an increasingly technological world, the old conceptions of social engineering must give way. A colonial-type civil service cannot meet the new challenge for massive economic development and social change in Nigeria of the 1970's. The public services will be given a technological and managerial orientation as part of a general social reform. This calls for a new form of training, retraining and leadership. To this end, the Government will, during the Plan period establish an Administrative Staff College as a matter of priority and urgency. In terms of the resources in men and materials, the public services at all levels will be given adequate facilities in quantity and quality to carry out successfully the enormous task of social mobilisation for reconstruction and development.

4. Programmes and Projects

Tables 2 and 3 show respectively the details of Federal and State Governments' projects to be undertaken during the Plan period in the General Administration sector. The projects have been selected, having regard to the following considerations :

(*i*) Projects which are connected with rehabilitation and reconstruction of war-damaged administrative facilities. Examples of such projects are to be found in the three Eastern States.

(*ii*) The provision of Secretarial headquarters and administrative offices in the new States. With the exception of the Western, East-Central and North-Central States, there are good reasons for putting up new administrative buildings in the States Headquarters.

(*iii*) Capital projects which are designed to improve the efficiency of the administrative and Secretariat staff, e.g. the Federal Administrative Staff College and the Secretarial Training Centres.

(*iv*) Projects which are designed to improve revenue yields or to earn/save foreign exchange. This is one major yardstick for selecting projects under Customs and Excise, Inland Revenue, Audit, the Central Bank and the Ministry of External Affairs.

(*v*) With particular regard to the Ministry of External Affairs projects, which consist mostly of acquiring Embassies and residences for Ambassadors abroad, the relative costs of hiring properties, purchasing buildings or outright construction are to be weighed in each case. The actual disbursement of the sums allocated will, in the process of plan implementation be determined by the results of the cost analyses. The primary objective is to minimise recurrent cost and save foreign exchange within any given capital allocation.

The main highlights of the projects in the General Administration sector are:

(*a*) *Office Accommodation*—In view of the expansion in scope and activities of the Federal Government in recent years, it has become necessary to create new Ministries and Departments and increase staff in existing Ministries. This has generated the need for more office accommodation. A provision of £4 million has been set aside for this in the Plan. When the building is completed, the locational arrangement of the Ministries would be such that related Ministries, such as the Economic Ministries, will be housed together or as near to each other as possible. This will facilitate contacts and communication and make easy the frequent meetings that necessarily take place among them. Government's policy is to minimise, and if possible, eliminate the need for renting private properties as government offices, at prohibitive rates. The long-term plan of the Federal Government is to build a "permanent secretariat" to accommodate all Federal Ministries and major departments in one easily accessible area in the Federal capital.

(*b*) *United Nations House*—The provision for a United Nations House is to accommodate the Lagos offices of the United Nations Development Programme and the Specialised Agencies. This will ensure more effective co-ordination and harmonisation of U.N. activities and presence in Nigeria.

(*c*) *Out-station Offices*—By the nature of their work, the Board of Customs and Excise and the Immigration Office usually operate together at the border entries into the country. It would be more economical and efficient for such Departments to operate in the same and contiguous buildings. The building programmes at the border stations will, as far as possible, be integrated accordingly. These are meant to improve the collection of data and information on vital social and economic matters to facilitate the formulation of public policy.

(*d*) *Statistical Surveys and Research Studies*—Most of the projects here are sponsored by the Federal Office of Statistics and other Research Centres for surveys and research programmes. These are meant to improve the collection of data and information on vital social and economic matters and to facilitate the formulation of public policy.

(*e*) *Population Census*—The last population census was conducted in 1963. In order to improve and up-date population statistics required for the planning of social and economic development, and in accordance with the decennial population count of current international practice, a population census will be undertaken during the Plan period. A sum of £2.2 million has been allocated for this purpose.

TABLE 1

SUMMARY OF FEDERAL AND STATE—GENERAL ADMINISTRATION

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	0.770	0.641	0.415	0.377	2.203
East-Central	1.045	1.115	0.930	1.161	4.251
Kano State	1.146	1.213	0.486	0.401	3.246
Kwara	0.581	0.454	0.440	0.333	1.808
Lagos	0.357	0.610	0.835	0.735	2.537
Mid-Western	0.030	0.540	0.500	—	1.070
North-Central	0.693	0.348	0.263	0.202	1.506
North-Eastern	0.929	0.967	0.427	0.370	2.693
North-Western	1.140	0.974	0.833	0.139	3.086
Rivers	0.665	0.646	0.646	0.646	2.603
South-Eastern	0.263	0.312	0.185	0.175	0.935
Western	0.750	0.750	0.750	0.750	3.000
TOTAL, STATE GOVERNMENTS	8.369	8.570	6.710	5.289	28.938
TOTAL, FEDERAL GOVERNMENT	4.422	6.576	5.981	6.453	23.432
TOTAL, ALL GOVERNMENTS	12.791	15.146	12.691	11.742	52.370

TABLE 2

FEDERAL—GENERAL ADMINISTRATION

£ million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
EXTERNAL AFFAIRS					
1. Accommodation for Nigerian Missions abroad	0.380	0.500	0.312	0.300	1.492
2. Radio Links between Missions abroad and Lagos	0.077	0.231	—	—	0.308
Sub-Total	0.457	0.731	0.312	0.300	1.800
BOARD OF CUSTOMS AND EXCISE					
3. Reconstruction Work in War-affected Areas	0.028	0.028	0.028	0.028	0.112
PREVENTIVE SERVICE					
4. Barracks for Rank and File, Customs Stations and Offices in the States ..	0.641	0.641	0.641	0.641	2.564
Sub-Total	0.669	0.669	0.669	0.669	2.676
FEDERAL BOARD OF INLAND REVENUE					
5. Kano Office	0.010	0.010	0.005	—	0.025
6. Port Harcourt Office	0.010	0.010	0.005	—	0.025
7. Mid-West, Benin Office	0.010	0.010	0.005	—	0.025
8. Kaduna Office	0.010	0.010	0.005	—	0.025
9. Yaba Office	0.010	0.010	0.005	—	0.025
Sub-Total	0.050	0.050	0.025	—	0.125
ESTABLISHMENT					
10. Federal Training Centre, Lagos ..	0.050	0.100	0.023	—	0.173
11. Administrative Staff College	0.050	0.050	0.100	0.050	0.250
Sub-Total	0.100	0.150	0.123	0.050	0.423
MINISTRY OF WORKS AND HOUSING					
12. Office Accommodation and Secretariat Planning in Lagos Area	0.500	1.000	1.500	1.000	4.000
13. Grants for New States Secretariat Buildings	1.000	2.000	1.000	1.000	5.000
Sub-Total	1.500	3.000	2.500	2.000	9.000
CENTRAL BANK					
14. Customs Street Extension	0.140	0.140	0.140	0.140	0.560
15. Jos Branch	0.200	0.100	0.080	0.019	0.399
Sub-Total	0.340	0.240	0.220	0.159	0.959

TABLE 2—*continued*

FEDERAL—GENERAL ADMINISTRATION

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
FEDERAL FIRE SERVICE					
16. New Headquarters Fire Station ..	0.080	0.050	0.013	—	0.143
17. Fire Equipment	0.064	0.055	—	—	0.119
18. New Sub-Fire Station—Surulere ..	—	0.020	0.030	—	0.050
19. Quarters for Stations Officers ..	0.016	—	—	—	0.016
20. Barracks for Ranks and File	—	0.050	0.050	—	0.100
Sub-Total	0.160	0.170	0.093	—	0.428
IMMIGRATION DEPARTMENT					
21. Quarters for Officers in the States ..	0.250	0.300	0.350	0.350	1.250
Sub-Total	0.250	0.300	0.350	0.350	1.250
MINISTRY OF ECONOMIC DEVELOPMENT AND RECONSTRUCTION					
22. U.N. House—Lagos	0.050	0.200	—	—	0.250
23. Population Census	0.100	0.100	0.500	1.500	2.200
24. Housing Surveys and Rent Inquiries ..	0.025	0.025	0.025	0.025	0.100
25. Demographic Survey	—	—	—	0.100	0.100
26. Distribution Survey	0.015	0.020	0.022	0.025	0.082
27. Building and Construction Survey ..	0.008	0.009	0.010	0.011	0.038
28. Industrial Production Census ..	—	—	—	0.100	0.100
29. Industrial Production Survey	0.010	0.011	0.012	0.013	0.046
30. Labour Force Survey	0.036	0.038	0.040	0.042	0.156
31. Cottage Industries and Processing Survey	0.125	0.125	0.125	0.125	0.500
32. Agricultural Census	—	—	0.020	0.580	0.600
33. Special Economic Investigations ..	0.025	0.150	0.200	0.200	0.575
RESEARCH INSTITUTES					
34. Nigerian Institute of Social and Economic Research, Ibadan	0.025	0.015	0.010	—	0.050
35. Nigerian Institute of Strategic Studies	—	0.025	0.050	0.025	0.100
Sub-Total	0.419	0.718	1.014	2.746	4.897
MINISTRY OF TRANSPORT					
36. Civil Aviation—Provision of Senior and Junior Staff Quarters at various Airports in the Country	0.035	0.085	0.030	0.020	0.170
INLAND WATERWAYS					
37. Rehabilitation of offices in war-affected areas and provision of additional office facilities and workshops	0.050	0.100	0.080	0.043	0.273

TABLE 2—*continued*

Federal—General Administration

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
38. Vehicles	0.005	—	—	—	0.005
Maritime Services					
39. Office Accommodation and living for officers at Apapa, Port Harcourt, Warri and Calabar	0.031	0.035	0.046	0.031	0.143
Government Coastal Agency					
40. Additional office accommodation and the reconstruction of existing ones at various centres—Port Harcourt, Calabar, Kano, Warri and Lagos ..	0.057	0.033	0.025	0.035	0.150
41. Vehicles	0.020	0.040	0.400	0.050	0.510
Sub-Total	0.198	0.293	0.581	0.179	1.251
Ministry of Mines and Power					
42. Staff Quarters, Office and Stores Buildings and Furniture	0.260	0.250	0.094	—	0.604
43. Rehabilitation and Reconstruction of Enugu Offices	0.012	—	—	—	0.012
44. Vehicles	0.004	—	—	—	0.004
45. Testing Equipment for Electrical Inspectorates based in the States ..	0.003	—	—	—	0.003
Sub-Total	0.279	0.250	0.094	—	0.623
Grand Total—Federal Government	4.422	6.576	5.981	6.453	23.432

TABLE 3

STATES—GENERAL ADMINISTRATION

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. State Secretarial in Jos and Divisional Headquarters within the State ..	0.325	0.310	0.255	0.255	1.145
2. Senior and Junior Staff Quarters, Rest Houses and improvement to other accommodation	0.150	0.140	0.070	0.060	0.420
3. State Printing Press, Tools, Machinery and Equipment, additional new vehicles and replacement of old ones ..	0.235	0.138	0.041	0.016	0.430
4. Area Court Houses and Office for Magistrates and High Court Judges	0.048	0.043	0.042	0.042	0.175
5. Improvement and Extension to Ministry of Works' Workshops at Jos and in the districts	0.012	0.010	0.007	0.004	0.033
TOTAL..	0.770	0.641	0.415	0.377	2.203
EAST-CENTRAL					
1. Administration of Justice	0.100	0.100	0.100	0.101	0.401
2. Public Buildings..	0.500	0.500	0.500	0.700	2.200
3. Loans to Local Government Bodies ..	0.100	0.100	0.100	0.100	0.400
4. Rehabilitation of Damaged Workshops	0.050	0.030	—	—	0.080
5. Rural Maintenance Workshops ..	0.020	0.030	0.050	0.050	0.150
6. New Central Mechanical and Electrical Workshop	0.100	0.200	—	—	0.300
7. Ministry of Works Yards	0.050	0.050	0.050	0.100	0.250
8. Rehabilitation of Laboratory for Testing Construction Materials	0.010	0.020	0.020	—	0.050
9. Central Store for Ministry of Works ..	0.010	—	—	—	0.010
10. Rural Development	0.050	0.050	0.100	0.100	0.300
11. Produce Inspection Services	0.050	0.030	—	—	0.080
12. Miscellaneous Investigations	0.005	0.005	0.010	0.010	0.030
TOTAL..	1.045	1.115	0.930	1.161	4.251
KANO STATE					
1. State Headquarters, Building for Judicial Department, Housing Accommodation and Catering Rest House ..	0.025	0.942	0.225	0.150	2.142
2. Accounting Machines and Replacement of Vehicles	0.021	0.021	0.011	0.001	0.054
3. Other services	0.300	0.250	0.250	0.250	1.050
TOTAL..	1.146	1.213	0.486	0.401	3.246

TABLE 3—*continued*

STATES—GENERAL ADMINISTRATION

£'million

Project	1970-71	1371-72	1972-73	1973-74	*Total*
KWARA STATE					
1. Administrative Buildings at Ilorin and in the Divisional Headquarters Catering Rest Houses and Staff Quarters	0.368	0.297	0.272	0.211	1.148
2. Motor Vehicles, Ferries, Fire Service Equipment	0.043	0.047	0.043	0.014	0.147
3. Judicial and Miscellaneous Capital Works	0.170	0.110	0.125	0.108	0.513
TOTAL	0.581	0.454	0.440	0.333	1.808
LAGOS STATE					
1. (*a*) Secretariat .. .. .. (*b*) Treasury Buildings .. .. (*c*) Headquarters, Works and Planning	0.337	0.500	0.675	0.675	2.187
2. Court Buildings	—	0.100	0.150	0.050	0.300
3. Motor Launches and Patrol Boats ..	0.020	0.010	0.100	0.100	0.050
TOTAL..	0.357	0.610	0.835	0.735	2.537
MID-WESTERN STATE					
1. Administrative Buildings	—	0.500	0.500	—	1.000
2. Purchase of Speedboats for transport services in the Riverine Areas ..	0.030	0.040	—	—	0.070
TOTAL..	0.030	0.540	0.500	—	1.070
NORTH-CENTRAL STATE					
1. Office and Housing Accommodation in Kaduna and in the Administrative Areas, V.I.P. Chalets and Rest Houses..	0.380	0.243	0.163	0.166	0.952
2. Secretariat Machines, Vehicles Radio Telephone Communications, Workshop equipment and replacement, Institutional Fixed Plants—generators	0.313	0.105	0.105	0.036	0.559
TOTAL..	0.693	0.348	0.268	0.202	1.511

TABLE 3—*continued*

STATES—GENERAL ADMINISTRATION—*continued*

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-EASTERN STATE					
1. Administrative Buildings	0.798	0.802	0.272	0.184	2.056
2. Vehicles, Printing and Photographic Equipment	0.131	0.065	0.055	0.047	0.298
3. Internal Communication	—	0.100	0.100	0.139	0.339
TOTAL..	0.929	0.967	0.427	0.370	2.693
NORTH-WESTERN STATE					
1. State Secretariat, Court Buildings, Clerical Training Centres, Divisional Offices and Staff Housing	1.071	0.927	0.775	0.106	2.879
2. Motor Vehicles for the Ministries, Radio Telephones, Fire Service Equipment, Locks and Keys	0.069	0.047	0.058	0.033	0.207
TOTAL	1.140	0.974	0.833	0.139	3.086
RIVERS STATE					
1. State Secretariat Buildings, Law Courts in Port Harcourt and in the Divisions	0.658	0.640	0.640	0.640	2.578
2. Law Library Books and Equipment ..	0.007	0.006	0.006	0.006	0.025
TOTAL	0.665	0.646	0.646	0.646	2.603
SOUTH-EASTERN STATE					
1. Secretariat Building	0.148	0.172	0.160	0.160	0.640
2. Mechanical Workshops and Equipment	0.080	0.110	—	—	0.190
3. Fire Service	0.035	0.030	0.025	0.015	0.105
TOTAL	0.263	0.312	0.185	0.175	0.935
WESTERN STATE					
1. Fire Equipment..	0.125	0.125	0.125	0.125	0.500
2. General Administrative Building and High and Magistrate Courts	0.625	0.625	0.625	0.625	2.500
TOTAL	0.750	0.750	0.750	0.750	3.000
TOTAL, STATE GOVERNMENTS	8.369	8.570	6.715	5.289	28.943

CHAPTER 13

AGRICULTURE

Agriculture is still the mainstay of the Nigerian economy, with about 70 per cent of the country's labour force employed in the sector. At independence in 1960 the percentage contribution of the sector to the GDP was about 70 per cent, although by 1966 it had declined to 55 per cent. The average national income is about £30 which is considerably lower than the per capita income of about £50 in the non-agricultural sector.

Nigeria has a wealth of agricultural resources. There is a vast area of arable land on which almost all tropical crops could be grown on account of the varied climatic conditions. Statistics shows that out of the country's total land area of about 231 million acres, just 79.5 million acres, or roughly a third, constitute arable land and land under permanent crops. Forestry and permanent pastures cover about 56 per cent of the land area. Since only about 10 per cent comes under forest reserves, and allowing about 15 per cent for permanent pastures, it follows that about 31 per cent of the land constitutes agricultural land. With the 9 per cent of the area presently not used for any specific purpose, the percentage of land that can be available for agricultural purposes goes up to 40 per cent—that is, about 92.5 million acres. This is much greater than the area of arable land and the land under permanent crops. Thus, more than half of the potential agricultural land in the country is at present not utilised.

The savannah lands of Nigeria, and the millions of native cattle, goats and sheep present an attractive potential for improved livestock production. The country also has great potentiality for fishing.

The economic growth which took place in Nigeria over the last two decades had agricultural production for export as its main driving force. Not only did the exportation of agricultural products generate income within the domestic economy, it also provided the foreign exchange which made possible the importation of machinery and other capital goods required for industrialisation and general development.

In 1961, agricultural export totalling £134 million accounted for 89 per cent of all exports and 66 per cent of total foreign exchange earnings. In recent years, however, petroleum has given a greater boost to non-agricultural export. The latter rose from 11 per cent in 1961 to 36 per cent in 1965. When war activities brought the petroleum industry to a standstill in 1967 and 1968, the contribution of agricultural export to total foreign exchange earnings rose to 62 per cent in 1967 and 73 per cent in 1968. With the resumption of activity in the oil industry, the proportionate contribution to foreign exchange earnings is again falling; but there is no doubt that for sometime to come, agriculture will continue to be a major foreign exchange earner. In any case, Nigeria must increase her foreign exchange earnings from agricultural export to finance a significant part of the current Plan.

The staple food crops of Nigeria consist of roots, tubers, pulses and cereals. Available results from the limited nutrition surveys conducted in various parts of the country indicate that the average calorie intake of Nigerians is about 2,200 per person per day. This is far below the average intake of 3,200 recorded for some industralised countries. Nutritionally, the available protein in the Nigerian diet is also very inadequate at the estimated level of 62 grams per head per day compared with the indicated minimum requirement of about 70 grams. The yield of protein-nutrient crops like pulses and nuts are still very low, apart from large losses occurring in quantity and quality both in transit and during storage. Of greater concern, however, is the small proportion of protein in Nigerian diet that comes from animal sources. It has been recommended that 35 grams out of the required minimum of 65-72 grams of reference protein should be obtained from animal products. But only 7 grams out of the 62 grams of protein available in Nigerian diet come from animal sources. This means that only about one-fifth of the minimum animal protein requirements is presently supplied from the animals produced in the country. Since the F.A.O. studies of 1965, there has been some development in poultry and fishing industries especially in the Southern parts of the country. This development, together with the normal availability of "bush meat" which was not taken into account in the calculations, have probably changed the situation to some extent. However, agricultural policies in the country must be geared to considerable increase in the production of high quality protein foods like meat, fish, milk and eggs. There is also the need to pay attention to the production of fruits and vegetables which are very important in a balanced diet.

1. Agriculture and the First National Development Plan

Out of a total capital expenditure programme of £676.5 million in the 1962-68 Development Plan, £91.9 million (or 13.5 per cent) was allocated to primary production. Over the plan period, the sector grew at an average rate of about 2 per cent per annum, with the result that the share of agriculture in the gross domestic product declined from 61 per cent to 55 per cent.

About 34 per cent of the government's allocation to primary production in the last plan went to government-directed projects such as farm settlements, plantations, irrigation schemes, etc. 23 per cent was allocated to extension, 13.3 per cent to credit, 11 per cent to research, 2.9 per cent to education and training, 7 per cent to processing and distribution and 14.7 per cent to other unclassified projects.

Federal Government expenditure under the plan consisted of grants to the former Regions and various research projects, especially in the fields of forestry, fisheries, livestock, soil fertility, and plant breeding.

The former Northern Regional Government was concerned with increase in agricultural output per farmer or per acre. It allocated most of its agricultural budget to extension, fertilizer subsidy, tractor hiring scheme and fishing exploitation in rivers and lakes. The then Eastern Government's expenditure was on the improvement of agricultural techniques through mass use of fertilizers, experimentation with improved varieties of crops, provision of credit facilities, intensification of agricultural education and training, and effecting changes in land tenure. The Western Government concentrated on increased production of both food and export crops through acreage expansion, rehabilitation and replanting of cocoa trees and farm settlement schemes. A substantial proportion of its expenditure also went to the Regional Development Corporation which ran, as part of its varied activities, a number of agricultural establishments.

In general, 42.8 per cent of the estimated public-sector capital expenditure on agricultural programme for the plan period was unspent. The underspending by the Federal Government was 45.8 per cent ; 50.7 per cent by the former Northern Region ; 47.7 per cent by the former Eastern Region and 20.8 per cent by the former Western Region. Such considerable underspending reflects some basic defects in the design and implementation of agricultural plans. This gross underspending was due partly to the lack of a strong Ministry of Agriculture at the Federal level for effective planning and co-ordination. Steps have been taken to remedy this major defect at the Centre.

2. Major Crops : Problems and Policies

Nigerian agriculture suffers from a general problem of low productivity. Production techniques are poor ; there are few intermediate inputs ; and yields are low. Infrastructural facilities are inadequate and the marketing, storage and credit systems all call for reform. The pricing policy also needs re-examination. In addition to these general problems common to the sectors, there are unique characteristics of different major crops that need to be articulated as a guide for prescribing detailed policy measures.

(*a*) *Cocoa*—Nigeria is the world's second largest exporter of cocoa, with almost 20 per cent of the world trade. An estimated 95 per cent of Nigerian cocoa is produced in the Western State where there are about 350,000 cocoa farmers. The total area is estimated to be about 1.2 million acres, practically all of which is in small holdings.

There is now the danger of a progressive decline in total production because over 50 per cent of the existing acreage are nearing the end of their economic life. In order to maintain production even at present levels, efforts must be intensified to encourage the replacement of old cocoa trees with higher-yielding varieties. It has been estimated that the average cost of establishing a new cocoa farm ranges from £70 to £90 per acre and for replanting from £90 to £140 per acre. Rehabilitation of cocoa requires a much greater investment because of the cost of removing old trees. Present yields average 300 to 400 pounds of dry cocoa beans per acre. However, with new planting materials and better management techniques, yields of 850-1,000 lbs per acre could be obtained. With yields of 1,000 lbs per acre and a producer price as low as say £85 per ton, the internal rate of return would still be quite favourable to the small holders at about 15 per cent for new planting and 12 per cent for replanting.

With limited capital, investing in a project costing around £140 per acre and yielding an internal rate of return of only 12 per cent rather than investment in one costing around £90 per acre and yielding an internal rate of return of 15 per cent would be difficult to justify. When one considers again that approximately 50 per cent more acreage can be planted annually with the same amount of capital required for a rehabilitation scheme, this bias against replanting is emphasised. However, the extent to which new plantings can be carried out would depend on the availability of suitable land in new areas.

To effect cocoa regeneration, Government will give grants or loans as appropriate to those who rehabilitate their holdings or who plant new acreage. Government will also give incentives to cocoa farmers through fair and better producer prices, by subsidies on fertilizers and insecticides and by intensive extension assistance.

(*b*) *Oil Palm*—It is estimated that the bulk of oil palm production still comes from the wild palms being cultivated by about a million people mainly in the Eastern and Mid-Western parts of the country. There are some oil palm plantations (both government and private); but these account for a very small percentage of total production.

Over the past two decades, the oil palm industry has been virtually stagnant in Nigeria. Apart from the fact that the wild palms are low yielding and difficult to harvest, the industry has suffered from a prolonged period of under-investment as a result of inadequate production incentive resulting from low producer prices. Revival of the industry is planned along the following measures :

(*i*) Rehabilitation of low-producing palms by improved varieties from the Nigerian Institute for Oil Palm Research which would give at least a yield of 7,000 lbs of bunches per acre under good management. Studies by the Nigerian Institute of Social and Economic Research show that at this level of yield and even at the low producer price of £42 per ton for oil and £29 per ton for kernels, production would still be quite profitable to small holders.

(*ii*) Creation of incentives to producers by way of better producer prices, loans and intensive extention services.

(*iii*) Replacement of the traditional hand-squeezing method of processing palm oil by widespread use of the hand hydraulic press or oil mills. Farmers will be organized into producer co-operatives for full utilization of the hand presses.

The great importance of the oil palm industry in the economy derives from its simultaneous use as a basic food and as an export crop. Consequently (unlike the case of rubber for example), even when world prices fall, there is still the attraction to producers of a large and growing market within the country.

The relative simplicity of processing also lends itself very well to small-scale or cottage industries programme.

(*c*) *Groundnut*—Nigeria is the world's largest exporter of groundnut, produced mainly in the northern parts of the country. Groundnut is produced by small farmers who grow between two to four acres each and obtain average yields of about 700 lbs. of decorticated nuts per acre.

Studies on the world outlook for fats and oil, including shelled groundnuts, groundnut oil and groundnut cake, have shown that there is a fair prospect for the groundnut industry. Moreover, the commodity is a key foreign exchange earner for the nation. The objective of policy during the Plan period is the removal of various bottle-necks in the industry :

(*i*) Evacuation problem ; rising cost of evacuation of groundnuts to the ports and deterioration in quality resulting from a long storage period.

(*ii*) Labour shortage during planting season. Thus, groundnuts have often to be planted after securing the planting of food crops.

(*iii*) Inadequate and inefficient supply of vital inputs, and especially of fertilizer.

(*iv*) Shortage of seasonal and intermediate credit.

(*v*) Defective produce inspection and marketing system.

(*vi*) Relatively low producer prices.

Possibilities exist for the early removal of three of the constraints—evacuation, fertilizer distribution and producer prices. The other three constraints—labour shortage during planting, lack of credit and defective marketing operation—involve fairly major institutional changes which would take a longer time to implement.

(*d*) *Rubber*—There are about 450,000 acres of rubber in Nigeria, mostly in the Mid-Western State. About 98 per cent of these are in small holdings being cultivated by about 100,000 rubber producers. There are a number of rubber plantations but these account for only about 20 per cent of the total production. However, a large part of the production comes from inherently low-producing trees that are poorly tapped. As a result, the average yield per acre is only 200-300 lbs. of dry rubber. In addition, most of the rubber is produced in lump form which is generally adulterated and of low quality. Other major impediments to increased output of rubber arise from poor processing technique, shortage of capital and an inadequately organised marketing system.

Policy measures to remedy these defects during the Plan period will include :

(*i*) Encouraging the rehabilitation of holdings with high yielding varieties. Government's contribution to this, apart from the provision of technical assistance and administration of the project, will include grants in cash and kind.

(*ii*) Intensification of extension programme and of developing high-yielding clonal seedlings for distribution to farmers at subsidized rates. The programme is intended to encourage increased rubber planting with improved seedlings.

(*iii*) Organizing producers into co-operative units, with grants to cover tapping and processing equipment.

(*e*) *Industrial Fibres*—The expansion of agro-allied industries which is elaborated in Chapter 16 is predicated on the availability of good quality and low-cost agricultural raw materials. This is especially evident in the case of textiles manufacture. The objective of policy is to encourage great expansion in the production of better-quality cotton, through a seed multiplication and distribution programme as well as the guided application of fertilizers and pesticides at subsidized rates.

There is also the expanding production of Kenaf, the fibre which provides the raw material for the manufacture of Hessien bags. In 1967, over 90 million bags valued at £11 million were still imported into the country. With the present trend of a steady rise in the volume of commodity export and the demand for bags by dealers in locally produced food stuffs like rice, beans, maize, sorghum, millet and garri, the market demand for bags will remarkably expand. To meet this expanding demand, efforts will be directed to intensifying research on seed multiplication in order to facilitate the cultivation of kenaf by a larger number of farmers who will be given all the necessary assistance and public support.

(*f*) *Fruits and Vegetables*—Much attention has been drawn by various studies to the vitamins and minerals deficiency in the Nigerian diet which can be obtained from fruits and vegetables. The import of processed fruits and vegetables into the country runs at about £800,000 annually. Yet, Nigeria has not only the potentialities for self-sufficiency in the production of these items, but also the capability of producing them for export. Moreover, the fruit canning factories in the country which are still currently operating at about 20 per cent below capacity and running at an annual loss of £12,000 would have sufficient raw materials for full-scale production if effective steps are taken to increase production of good citrus fruits. During the Plan period attention will therefore be paid to an intensive research in horticulture, together with the establishment of large citrus plantations and large-scale vegetable production.

(*g*) *Coffee*—Total production of Nigerian coffee is still very small. Most of it comes from small holdings. Due to lack of organised marketing, the coffee farms have been gradually neglected and a considerable portion of harvest is lost through insect infestation and lack of proper pruning. The planting material commonly used by the peasant farmers is found to be of the low-yielding variety. A combination of these factors has resulted in an average yield of only 350 lbs dry beans per acre. To ensure adequate supply of the crop in uniform and high-quality grade for processing, Government will encourage its cultivation under plantation conditions.

(*h*) *Wheat*—About 200,000 tons of wheat are imported to the country per annum at a cost of over £6 million. Yet, ecological conditions in the northern parts of the country are favourable for the large-scale development of wheat under irrigation. Serious attention will therefore be given to the development of local production of this commodity as substitute for its import and thus save the country substantial foreign exchange.

(*i*) *Tobacco*—Hitherto, the promotion of tobacco production in the country has been carried out by the major tobacco manufacturing companies. During the Plan period, the State Governments will be encouraged to take more active interest in tobacco growing and efforts will be made to find out the possibility of export markets.

(*j*) *Cassava and Sugar-cane*—Other industrial crops whose production will be encouraged include cassava and sugar-cane. Multiplication and distribution of improved planting materials of these crops will be undertaken. Their production will be particularly encouraged in plantation systems integrated as nucleus farms for processing agro-allied industries.

3. Food Crops : Problems and Policies

The two major problems in the production of domestic food crops are :

(*i*) ensuring that supplies keep pace with the growth of population and urbanisation ; and

(*ii*) increasing the protein and calorie-intake of the population, especially in the Southern States.

During the Plan period, the Federal and State Governments will address themselves to these problems through a variety of integrated policy measures concentrated on the following :

(*a*) *Improved Production Technique*—No realistic change can be expected from the present nature of Nigerian agriculture or from the drudgery attached to it until the farmer finds an alternative to the existing hoe and cutlass technique of cultivation. The clearing of bush, the preparation of land, the sowing of seed, the various post-planting operations and harvesting are all processes in which the farmer's present tools can do little for high productivity per man-day or per man-acre. Removing the physical drudgery and the cause of low output need not, however, involve the use of sophisticated farm machinery and equipment. Cheap simple implements can replace the hoe and other traditional implements that make farming a tedious and unattractive occupation. The use of small motor-powered implements and animal-drawn implements and carts will be encouraged. To achieve this objective, research programme on these problems will be intensified during the Plan period.

(*b*) *National Seed Multiplication Scheme*—As one of the measures to increase food production in the country the Government will establish a National Seed Multiplication Scheme which will initially handle sorghum, maize, rice, pulses and cassava. Already, there are high-yielding and disease resistant varieties of these crops. Encouragement will, therefore, be given to the multiplication of these improved varieties and their distribution to farmers in co-operation with the States extension services. It is estimated that an increase of some 30 per cent to 100 per cent in yield would be realised from various improved varieties at a minimal cost.

(*c*) *Improved Storage*—At present, considerable quantities of food crops, including yams, cowpeas, maize and guinea corn are lost each year through damage in storage, mainly from insects and rodents. For example, experiments show that after six months, cowpeas stored in a trader's lock-up store in the savannah area suffer a 10 per cent dry weight loss from insects. Losses in the more humid climate further South will, of course, be considerably higher. Losses in other grains stored by farmers in the Northern States are also put at a further 10 per cent. Experiments carried out in the Eastern States indicate that losses in stored yams are very high after three months.

Steps will, therefore, be taken during the Plan period to encourage the spread of good storage facilities to enable both producers and consumers to enjoy the full benefit of increased farm production. The establishment of co-operatively-owned storage depots will be encouraged as a buffer for food stuffs during harvest periods to cushion the effect of seasonal variations on the price level. This will help curb the tendency for wide fluctuations in consumer prices, save crop loss due to pest and diseases, and increase farm incomes as farmers will no longer have to sell the bulk of their crops at harvest at very low prices.

The co-operative storage scheme will be conducted at three levels :

(*i*) At the farm level, using low-cost type of silos or air-tight drums and improved "rumbus".

(*ii*) At collecting centres in small towns and large rural depots. These will receive the surplus of the farm storage which is often considerable at the time of harvest. Here the produce will be dried, fumigated and stored.

(*iii*) Bulk holding stations and city stores. These will be located near large markets and will receive dried grains from the collecting centres.

(*d*) *Organized Marketing*—The marketing of food crops at present gives neither a fair return to the producer nor a fair price to the consumer. Considerable price variations occur within and between seasons. This does not make farming an attractive business. Farmers who regard farming as full-time occupation continue to do so mainly because there are few alternative avenues for them to make a living. Those who can find more profitable outlets either get out of food farming or relegate it to a secondary occupation or hobby to supplement more regular sources of income.

Farmers who are forced to remain on full time food farming are often constrained to sell their crops at relatively low prices at harvest, or mortgage part of their crops at low rates leaving little or no profit margin.

An efficient marketing organization for food crops is a necessary institutional reform. The formation of Producers' Co-operative Marketing Societies will be encouraged during the Plan period to effect an organised, orderly and efficient marketing of food crops at the wholesale level. The Government will make available grants and loans for the establishment of such Co-operative units, assist in the training of personnel and provide administrative supervision for the Societies to ensure that they function properly.

(*e*) *Fertilizer Supply and Subsidy*—The use of fertilizer is the quickest way of obtaining increased productivity in many food crops. It has been estimated that a viable size of phosphatic fertilizer plant in Nigeria would require a demand of about 80,000 tons a year. But the country's import (and hence total domestic consumption) of phosphatic fertilizer is still under 50,000 tons a year. Although fertilizer consumption has increased rapidly in the past decade there is no doubt, however, that the present level of consumption of the input is still very low. The Governments will continue to propagate the use of fertilizers through reinvigorated and expanded Extension Services. Subsidies will be operated to build up rapidly the level of effective demand to surpass the target of 80,000 tons a year of phosphatic fertilizer and justify its domestic production.

With regard to nitrogen fertilizer, various studies have shown that Urea is much cheaper to produce than any other nitrogeneous fertilizer, for example Ammonium Sulphate. Furthermore, the size of the plant need not be very large for cheap production of Urea. The main drawback is that Urea has not been sufficiently tested on Nigerian soils and crops. Government will, therefore, intensify experimentation with Urea during the Plan period.

(*f*) *Application of Pesticides*—Studies show that at least 12 per cent of most food crops in the country are lost through various insect attack while the crops are still in the ground. On the other hand, the present low yield per acre tends to discourage expenditure on the application of pesticides. This is a vicious circle case, in the sense that the yield per acre could be raised by the use of fertilizers and pesticides to make food farming a more attractive proposition, providing funds for more fertilizer and pesticide inputs. Efforts will, therefore, be made to encourage the use of pesticides by way of subsidizing their supply to the farmers during the Plan period.

4. General Agricultural Policies

Given the various problems and policies outlined above in respect of specific crops, it is clear that agricultural development in Nigeria needs a strong concerted action by all institutions and persons who have any influence on the sector. Under the active leadership and support of the Federal Government, the various State Governments will be guided during the Plan period by the following objectives of agricultural policy :

(*i*) Ensuring food supplies in adequate quantity and quality to keep pace with increased population and urbanisation, having regards to changing tastes and the need for fair and stable prices.

(*ii*) Expanding the production of export crops, with a view to increasing and further diversifying the country's foreign exchange earnings so vital in the development process.

(*iii*) Propagating the production of agricultural materials for extensive domestic manufacturing activities, especially in the field of agro-based industries.

(*iv*) Creating rural employment opportunities to absorb more of the increasing labour force in the nation, and minimising the tendency for inadequate and inefficient use of human resources in the rural areas generally.

(*v*) Evolving appropriate institutional and administrative apparatus to facilitate a smooth integrated development of the agricultural potential of the country as a whole.

To bring about successful implementation of these objectives, some vital problem areas of policy common to all crops, programmes and projects in the agricultural sector deserve closer examination :

(*a*) *Land Tenure*—The prevailing land tenure system in the country sometimes hinders agricultural development. Land tenure in many parts is still largely under the control of families, clans or villages. Ownership and control of food-crop land by individuals tend to be transitory, although they are often able to establish control over land in the case of tree crops. As a result of the system of inheritance, land owned by individuals or extended families also tend to become fragmented and scattered, leading to the loss of much valuable time in cultivation. If Nigeria's agriculture is then to develop very rapidly and have the desired impact on the standard of living, there must be reform in the system of land tenure. In most southern States, the solution to these problems would be for the local communities to consolidate the fragmented holdings and redistribute them into economic units suitable for tree crops and mixed food crops. In most northern States, the solution would be for the local authorities to exercise effective control over vacant lands and redistribute them in more economical units. Due to the political nature of land tenure system and the varying social and cultural conditions in different parts of the country, land reform must be the basic responsibility of the State Governments. But the Federal Government will encourage the reform movement by providing funds and technical assistance as required.

(*b*) *Irrigation and Soil Conservation Schemes*—In more than three-quarters of the northern part of the country, rainfall period is not more than five months duration. In addition, the beginning of the wet season is quite variable from year to year. Thus, full exploitation of the agricultural potential of the country is only possible if its water resources are developed for irrigation which will not only permit double cropping but also ensure sufficient water during the growing season of the crops.

During the Plan period the newly established Water Resources Division in the Federal Ministry of Agriculture and Natural Resources will have, as one of its primary objectives, the promotion and co-ordination of water resources development for irrigation purposes. More cultivated land, especially those under rice and wheat crops, will be brought under planned irrigation schemes varying from 100 to 5,000 acres. Irrigation facilities will also be extended to areas of potentially suitable but uncultivated land in the fadamas of the major rivers and in the upper catchment of their tributaries.

With regard to soil conservation, steps will be taken to expand the services that have already been established.

(*c*) *Agricultural Credit*—Nigerian agriculture has progressed thus far with uncertain reliance on traditional sources of lending. But the rapid growth in output which the country is capable of generating would require new credit institutions. Past unfavourable experiences with Regional credit agencies suggest that a national institution might have more freedom from political pressure and achieve better operational efficiency. It would permit more efficient use of administrative and training resources and more effective use of capital, since peak lending seasons vary among the States, and the States diversity of crops and weather would reduce the inherent risks. Thus, during the Plan period, the Federal Government will establish a National Agricultural Credit Bank with centralised control but decentralised field operations to ensure the maintainance of sound credit resources to various sub-sectors of agriculture and the different areas of the country.

(*d*) *Agricultural Education*—The system of agricultural education in the country has evolved, not so much in response to development planning, but in a rather *ad hoc* fashion to meet the demands for trained staff for agriculture and related services as they arise. For example, agricultural projects are sometimes set up without adequate planning for personnel requirements and training. The result is that an initial shortage may well be followed by a period of apparent over-production of trained manpower.

During the Plan period, the Federal Government will make sure that the system of agricultural education and training in the country is rationalised at both State and national levels. There will be a systematic assessment of the needs for trained manpower at all levels. There will also be regular revision and adaptation of technical education and training to meet the requirements of technological change and the development of the agricultural industry.

(*e*) *Agricultural Research*—In the field of agricultural research, some urgent reforms are called for. These will involve the role of Federal research centres in relation to Agricultural Faculties in the Universities and the State Ministries of Agriculture and Natural Resources. A viable working relationship between agricultural teaching and other elements of agricultural improvements (research and extension services) will be established. Senior students of Agriculture in the Universities would be encouraged to do some of their field work in research stations of the Ministries, to make them more conversant with the operational problems of local agricultural development. Some of the specialists in Governmental research institutes would be attached to University Faculties to the mutual benefits of both Government and University in the promotion of meaningful research. Steps will be taken to co-ordinate all aspects of agricultural research among all agencies to effect a set of priorities consistent with the national objectives of agricultural policy. The Universities would be encouraged to conduct extra-mural and residential courses during the vacations, such that :

(*i*) academic teaching will have more practical content, and

(*ii*) research activities will be better geared to the real and urgent needs facing the development of agriculture in all its dimensions.

The National Agricultural Council whose formation has been approved, will play a major role in research co-ordination.

(*f*) *Extension services*—It is important that results of research are disseminated as widely as possible and not just embedded in files and learned journals. The transmission of research information to farmers is a vital factor in the rapid development of the rural economy. There must, therefore, be an effective and continuous institutional link between research institutions and the rural extension services. Due publicity must be given to results of proven experiments and their commercial profitability demonstrated to the farmers in the media they can readily appreciate.

In this context, the Extension and Research Liaison Services in Nigeria will be revamped and considerably expanded. Where the farmer needs most technical assistance is in the area of non-conventional inputs like improved seeds, seedlings, fertilizer, pesticides and insecticides. But the specific details of these needs vary from one ecological zone to another and depend on the type of farm enterprise or enterprise-combination. Zonal planning is therefore necessary for the training and proper deployment of Rural Development Officers for extension work, as well as for the administration of subsidy and credit. It is important that within his zone of specialisation, an extension worker should have a sound composite training that enables him to handle with competence both technical and human problems of rural development. The farmer should be able to receive more intensive and continuous attention than the present system of spasmodic visits from ill-equipped and insufficiently-motivated officers. Steps will, therefore, be taken during the Plan period to restructure the training, and considerably expand the number of a new breed of extension workers to meet the real needs of the rural communities.

(g) *Agricultural Planning*—During the formulation of the present Plan, it was found that most of the agricultural projects submitted at both the State and the Federal levels were not sufficiently articulated to lend themselves to easy appraisal. In order to remove this difficulty in future, agricultural planning units will be set up at the Federal and State levels during the Plan period to facilitate the identification, preparation and evaluation of development projects in the Agricultural sector. The sector planners, after due training, will have responsibility for generating and articulating the developmental projects urgently required in this vital sector of the economy.

5. Federal Assistance to Agricultural Development

Under the restrictions imposed by the Constitution, the Federal Government has hitherto confined itself to research activities in primary production. Although agriculture continues to be the mainstay of the economy, yet the traditional methods of cultivation, problems of transportation, storage, credit, marketing and a host of other problems continue to make the agricultural sector a major bottleneck to national development, since the past and present rates of growth of the sector are much lower than those of the other sectors. The Federal Government has therefore decided to play henceforth a more dynamic role in the development of primary production.

Three areas have been identified as those in which Federal assistance to Agriculture would be provided in the current Plan period, namely :—

(1) Grants for the development of agriculture, including forestry, livestock and fishing.

(2) Federal participation in Special Agricultural Development Schemes.

(3) Establishment of the proposed National Agricultural Credit Institution.

The total Federal assistance is estimated at £26 million during the Plan period.

(i) Grants to the States

Agricultural grants of £17 million will be made available to the States during the Plan period. The priority areas will include the following :—

(*a*) seed multiplication scheme,

(*b*) improvement of extension services,

(*c*) provision of fertilizers,

(*d*) provision of other chemicals—pesticides, fungicides, herbicides, etc.,

(*e*) tractors and other related agricultural implements,

(*f*) irrigation equipment,

(*g*) supplementary feeds for cattle, poultry and other livestock,

(*h*) fishing equipment including motorized boats,

(*i*) food and meat storage facilities, and

(*j*) agricultural publicity and information.

The Federal Ministry of Agriculture and Natural Resources will work out details of the projects that will attract Federal grants in collaboration with the State Governments and also assist them in their implementation. The disbursement of such grants will be submitted to the Federal Government by the States in the form of audited statements of accounts.

(ii) Special Agricultural Development Schemes

Under this programme, the Federal Government's approach with regard to the form or manner of participation will be flexible. This can be particularly considered as falling within two categories :—

(a) where the Federal Government can on its own initiative establish agricultural projects and assume full responsibility for their implementation ; and

(b) where the Federal Government enters into both financial and management partnership with State Governments in carrying out projects. For example, the Federal Government may establish public agricultural companies in which the States can own shares similar to what obtains in the industrial sector of the economy.

The Federal Government will participate in projects which :—

(a) cut across State boundaries ;

(b) clearly serve the Federation as a whole in the form of reduction and elimination of agricultural imports, e.g. wheat ;

(c) provide much needed food supplies or industrial raw materials of agricultural origin required within the Federation, e.g. cotton and sugarcane ;

(d) pre-investment activities such as aerial and topographical surveys and mappings, soil surveys, etc.

£3 million has been earmarked for this programme in the present Plan period.

(iii) National Agricultural Credit Institution

The proposed Nigerian Agricultural Credit Bank which is to operate in all the States will assist the farmers particularly in the areas of co-operative farming and agricultural marketing co-operatives. The Bank will make money available directly to the co-operative societies, credit-worthy farmers and the State Governments. A sum of £6 million has been earmarked for this project.

6. Investment Programmes and Projects

On the basis of all the foregoing, the following programmes and projects have been identified as good candidates for developing the agricultural sector during the Plan period, from the viewpoint of support by the Federal and State Governments.

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON AGRICULTURE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Research on Food Crops					
(*a*) Rice Research Substations in Warri and Birnin Kebbi	0.044	0.038	0.005	—	0.087
(*b*) Fruit and Vegetable Research Station Moor Plantation, Ibadan	0.222	0.208	0.173	0.108	0.711
(*c*) International Institute of Tropical Agriculture	0.005	0.028	—	—	0.033
(*d*) Soil Fertility Research Unit	0.020	0.052	0.015	0.014	0.101
(*e*) Soil Conservation	0.007	0.060	0.060	0.060	0.187
(*f*) Laboratory Equipment and Utility Service at Moor Plantation ..	0.018	0.006	—	—	0.024
2. Research on Export Crops					
(*a*) Cocoa Research:					
(*i*) Development of Gambari Main Station	0.150	0.200	0.120	0.149	0.619
(*ii*) Development of Ikom and Mambilla Sub-station ..	0.040	0.240	0.200	0.050	0.530
(*b*) Oil Palm Research:					
(*i*) Staff Quarters	0.016	0.202	0.202	0.020	0.440
(*ii*) Expansion of Laboratories and Office Equipment and Laboratory Equipment	0.099	0.204	0.095	0.102	0.500
(*c*) International African Phyto Sanitary Plant Quarrantine Station	0.009	0.023	0.022	—	0.054
(*d*) Cocoa Research Institute: Senior Staff Houses at Moor Plantation, Ibadan	0.015	0.020	0.010	—	0.045
3. Research on Crops for Local Industries Sugarcane	0.038	0.028	0.035	0.030	0.131
4. Meteorological Service					
(*a*) Meteorological Headquarters, Institute and other Buildings, Oshodi ..	0.030	0.090	0.048	—	0.168
(*b*) World Weather Watch Equipment. Upper Air Building and equipment in Port Harcourt and Minna	0.012	0.020	0.008	—	0.040
(*c*) Satellite Photographs Receiving Equipment	0.007	—	—	—	0.007
(*d*) Equipment for Agromet and Hydromet Stations	0.010	0.020	—	—	0.030
(*e*) Upper Air Equipment for Oshodi and Kano	0.030	0.010	—	—	0.040
(*f*) Telecommunication Equipment for Central Forecast Office Oshodi/Ikeja and for Rehabilitation of those in Kano and Ikeja	0.030	0.040	0.030	0.010	0.110

TABLE 1—*continued*

FEDERAL CAPITAL EXPENDITURE ON AGRICULTURE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
(*g*) Equipment for Printing and Reproducing, Storage and Electronic Workshops	0.010	0.020	0.012	—	0.042
(*h*) New Outstation Offices and Repairs to Existing Met. Offices and Quarters	0.008	0.020	0.008	—	0.036
5. National Agricultural Credit Bank	1.500	1.500	1.500	1.500	6.000
6. Grants in-aid for Research Councils and Institutes	0.225	0.225	0.225	0.225	0.900
7. Federal Assistance to Agriculture	2.000	5.000	5.000	5.000	17.000
8. Special Agricultural Schemes	—	1.000	1.000	1.000	3.000
SUMMARY					
1. Research on Food Crops	0.316	0.392	0.253	0.182	1.143
2. Research on Export Crops	0.329	0.889	0.649	0.321	2.188
3. Research on Crops for Local Industries	0.038	0.028	0.035	0.030	0.131
4. Meteorological Service	0.137	0.220	0.106	0.010	0.473
5. Agricultural Credit	1.500	1.500	1.500	1.500	6.000
6. Agricultural Grants to Research Councils and Institutes	0.225	0.225	0.225	0.225	0.900
7. Federal Assistance to Agriculture	2.000	5.000	5.000	5.000	17.000
8. Special Agricultural Schemes	—	1.000	1.000	1.000	3.000
TOTAL	4.545	9.254	8.768	8.268	30.835

TABLE 2

STATES CAPITAL EXPENDITURE ON AGRICULTURE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Food Crops	0.119	0.142	0.097	0.084	0.442
2. Fibre Crop (Kenaf Scheme)	—	0.010	0.040	0.050	0.100
3. Irrigation	0.050	0.090	0.110	0.035	0.285
4. Farm Mechanization	0.015	0.020	0.015	0.021	0.071
5. Farm Training Institutions	0.015	0.015	0.015	0.015	0.060
6. Extension Service (Mainly Chemical Promotion, Seed Multiplication and Agricultural Information)	0.446	0.587	0.455	0.478	1.966
TOTAL	0.645	0.864	0.732	0.683	2.924
EAST-CENTRAL					
1. Food Crops	0.483	0.569	0.582	0.665	2.299
2. Export Crops	1.240	1.422	1.459	1.359	5.480
3. Agricultural Research	0.221	0.307	0.315	0.317	1.160
4. Agricultural Credit	0.160	0.160	0.240	0.240	0.800
5. Farm Mechanization	0.020	0.027	0.024	0.029	0.100

TABLE 2—*continued*

STATES CAPITAL EXPENDITURE ON AGRICULTURE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
EAST-CENTRAL					
6. Farm Training Institutions	0.035	0.055	0.037	0.023	0.150
7. Extension Service (Fertilizer Promotion)	0.080	0.108	0.096	0.116	0.400
SUB-TOTAL	2.239	2.648	2.753	2.749	10.389
KANO					
1. Food Crops	0.205	0.255	0.175	0.155	0.790
2. Agricultural Marketing	0.047	0.029	0.031	0.032	0.139
3. Agricultural Credit	0.200	0.300	0.200	0.200	0.900
4. Irrigation	0.855	1.160	2.605	2.621	7.241
5. Farm Mechanization	0.180	0.156	0.181	0.225	0.742
6. Farm Training Institutions	0.015	0.030	0.045	0.018	0.108
7. Extension Service (Mainly Seed Multiplication and Chemical Promotion)	2.415	2.291	1.275	0.838	6.819
SUB-TOTAL	3.917	4.221	4.512	4.089	16.739
KWARA					
1. Food Crops	0.089	0.094	0.092	0.084	0.359
2. Export Crops	0.014	0.018	0.027	0.017	0.076
3. Agricultural Credit	—	0.250	0.250	—	0.500
4. Irrigation	—	0.040	0.050	0.100	0.190
5. Farm Mechanization	0.033	0.036	0.033	0.033	0.135
6. Farm Training Institutions	0.013	0.034	0.044	0.038	0.129
7. Extension Service (Mainly Chemical Promotion, Seed Multiplication, Assistance to farmers affected by Kainji Dam)	0.215	0.257	0.272	0.237	0.981
TOTAL	0.364	0.729	0.768	0.509	2.370
LAGOS					
1. Food Crops	0.200	0.400	0.500	0.400	1.500
2. Export Crops	0.040	0.060	0.080	0.065	0.245
3. Agricultural Research	0.040	0.050	0.080	0.070	0.240
4. Irrigation and Rural Water Scheme ..	0.070	0.090	0.110	0.130	0.400
5. Farm Mechanization	0.045	0.040	0.100	0.115	0.300
6. Extension Service (Mainly Chemical Promotion, Seed Multiplication and Agricultural Information)	0.060	0.055	0.080	0.120	0.315
TOTAL	0.455	0.695	0.950	0.885	3.000

TABLE 2—*continued*

STATES CAPITAL EXPENDITURE ON AGRICULTURE 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
MID-WEST					
1. Food Crops	0.352	0.420	0.511	0.390	1.673
2. Export Crops	0.405	0.381	0.682	0.521	1.989
3. Agricultural Research	0.102	0.020	0.034	0.016	0.172
4. Farm Mechanization	0.020	—	0.020	—	0.040
5. Extension Service (Mainly Seed Multiplication and Agricultural Information)	0.055	0.058	0.058	0.055	0.226
TOTAL	0.934	0.879	1.305	0.982	4.100
NORTH-CENTRAL					
1. Food Crops	0.085	0.085	0.055	0.041	0.266
2. Fibre Crops for Local Industries (Cotton and Rama Fibre)	0.071	0.063	0.035	0.016	0.185
3. Irrigation	0.150	0.400	0.250	0.176	0.976
4. Farm Mechanization	0.060	0.070	0.055	0.047	0.232
5. Farm Training Institutions	0.015	0.015	0.015	0.015	0.060
6. Extension Service (Mainly Chemical Promotion)	0.300	0.350	0.416	0.434	1.500
TOTAL	0.681	0.983	0.826	0.729	3.219
NORTH-EASTERN					
1. Food Crops	0.055	0.055	0.131	0.129	0.370
2. Export Crops	0.012	0.029	0.034	0.018	0.093
3. Agricultural Marketing	0.202	0.164	0.656	0.161	1.183
4. Irrigation	0.218	0.164	0.154	0.152	0.688
5. Farm Mechanization	0.020	0.070	0.040	0.020	0.150
6. Farm Training Institutions	0.035	0.035	0.035	0.035	0.140
7. Extension Service (Mainly Chemical Promotion, Seed Multiplication and Agricultural Information)	0.207	0.265	0,335	0.426	1.233
8. Miscellaneous (Buildings, Offices and Equipment)	0.077	0.065	0.063	0.068	0.273
TOTAL	0.826	0.847	1.448	1.009	4.130
NORTH-WESTERN					
1. Food Crops	0.058	0.055	0.054	0.049	0.216
2. Agricultural Marketing	0.051	0.040	0.040	0.040	0.171
3. Agricultural Credit	0.011	0.011	0.012	0.012	0.046
4. Irrigation	0.276	0.553	0.710	0.533	2.072
5. Farm Mechanization	0.045	0.041	0.044	0.046	0.176
6. Farm Training Institutions	0.045	0.045	0.035	0.035	0.160

TABLE 2—*continued*

STATES CAPITAL EXPENDITURE ON AGRICULTURE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
7. Extension Service (Mainly Chemical Promotion, Seed Multiplication and Agricultural Information)	0.273	0.287	0.289	0.292	1.141
TOTAL	0.759	1.032	1.184	1.007	3.982
RIVERS					
1. Food Crops	0.172	0.322	0.468	0.518	1.480
2. Export Crops	0.205	0.184	0.100	0.100	0.589
3. Agricultural Research	0.035	0.065	0.045	0.036	0.181
4. Farm Mechanization	0.084	0.049	0.055	0.056	0.244
5. Extension Service (Mainly Seed Multiplication and Chemical Promotion)	0.011	0.020	0.022	0.018	0.071
6. Miscellaneous (Mainly Repair and Replacement of Equipment and Buildings)	0.200	0.397	0.599	0.506	1.702
TOTAL	0.707	1.037	1.289	1.234	4.267
SOUTH-EASTERN					
1. Food Crops	0.326	0.002	0.205	0.150	0.683
2. Export Crops	0.526	0.521	0.576	0.608	2.231
3. Agricultural Credit	0.300	0.298	0.300	0.602	1.500
4. Farm Mechanization	0.077	0.353	0.367	0.177	0.974
5. Farm Training Institutions	0.500	0.230	0.221	0.221	1.172
6. Extension Service (Mainly Seed Multiplication and Agricultural Information)	0.233	0.338	0.262	0.262	1.095
TOTAL	1.962	1.742	1.931	2.020	7.655
WESTERN					
1. Food Crops	0.680	0.730	0.815	0.767	2.992
2. Export Crops	0.435	0.660	1.100	1.540	3.735
3. Fibre crops for local industries (Cotton and Kenaf)	0.355	0.540	0.900	1.260	3.055
4. Agricultural Credit	0.375	0.375	0.375	0.375	1.500
5. Farm Mechanization	0.346	0.503	0.619	0.138	1.606
6. Extension Service (Mainly Seed Multiplication Scheme)	0.275	0.350	0.360	0.180	1.165
TOTAL	2.466	3.158	4.169	4.260	14.053
TOTAL, ALL STATES	15.166	18.150	19.940	18.191	71.447

TABLE 3

Total Public-Sector Capital Expenditure on Agriculture, 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	0.645	0.864	0.732	0.683	2.924
East-Central	2.239	2.648	2.753	2.749	10.389
Kano	3.917	4.221	4.512	4.089	16.739
Kwara	0.364	0.729	0.768	0.509	2.370
Lagos	0.455	0.695	0.950	0.900	3.000
Mid-West	0.934	0.879	1.305	0.982	4.100
North-Central	0.681	0.983	0.826	0.729	3.219
North-Eastern	0.826	0.847	1.448	1.009	4.130
North-Western	0.759	1.032	1.184	1.007	3.982
Rivers	0.707	1.037	1.289	1.234	4.267
South-Eastern	1.962	1.742	1.931	2.020	7.655
Western	2.466	3.158	4.169	4.260	14.053
TOTAL, STATES	15.955	18.835	21.867	20.171	76.828
FEDERAL	4.545	9.254	8.768	8.268	30.835
TOTAL, ALL GOVERNMENTS	20.500	28.089	30.635	28.439	107.663

CHAPTER 14

LIVESTOCK, FORESTRY AND FISHING

Much of the discussion on problems and policies of agriculture in Chapter 13 have equal validity in the remaining areas of primary production like livestock, forestry and fishing. But because most of the products in these other areas pose slightly different questions of organisation and method, they are given here separate and special treatment to bring out the unique features more clearly. It is important, however, that they are viewed as an integral part of the general policies and programmes mapped out for the agricultural sector.

1. Livestock

The availability of protein in the Nigerian diet is very inadequate. Of even more serious concern is the small proportion of protein in the diet that comes from animal sources.

There are an estimated 11 million cattle, 7.5 million sheep, 21.5 million goats, 0.7 million pigs and 66 million poultry-birds in the country. Nearly all the cattle are concentrated in the Northern States, but there are substantial number of goats, sheep and poultry in all States. However, most of the swine are in the Southern parts of the country. Studies have shown that the various types of livestock present an attractive potential for improved production.

(*a*) *Cattle.*—Among the most serious deterrents to the breeding and improvement of cattle is the presence of tsetse-fly in the southern well-watered parts of the country. The majority of cattle are therefore concentrated in the seasonally dry and less humid belt across the extreme northern part of the country where conditions are too arid for tsetse-fly. The herdsmen are however forced to migrate in search of water and better pastures for their animals during the dry season and this nomadic way of life is not conducive to increased productivity and general livestock improvement. The animals emaciate during the long treks and many which are forced into tsetse infested areas die of trypanosomiasis and other diseases, the most serious of which are rinderpest and contagious bovine pleuro-pneumonia.

The prime objective of policy will, therefore, be the eradication of tsetse-fly, the control of the above-mentioned epizootic diseases and the settlement of nomadic herdsmen. More water supply will be provided by drilling artesian wells and constructing dams in semi-arid areas and grazing reserves will be established where the nomads will be encouraged to settle and practise better animal husbandry and mixed farming. Extension work will be directed towards pasture improvement, fodder conservation and the feeding of protein rich concentrates such as cotton-seed and groundnut-cake. Improved animals from Government Livestock Breeding and Improvement Centres will be distributed to stock-owners.

Breeding of cattle will be directed towards the improvement of local breeds for both beef and milk production, but high-yielding exotic breeds will be introduced to areas with suitable climatic conditions such as the Jos Highlands and the Mambilla Plateau.

Additional slaughter-houses will be established in various urban centres, with anciliary accommodation for the proper preparation and drying of hides and skins, for the processing of blood, bones and condemned carcases to produce the feeds, required in the country. Adequate refrigerating facilities will be provided at the larger abattoirs for handling the day-to-day trade and for creating reserves of meat. The latter would reduce the present dependence on seasonal stock movements.

Milk is one of the most expensive food items in Nigeria; yet it is regarded by all modern communities as an indispensable health item. It is estimated that about 600,000 tons of milk are available for human consumption in Nigeria per annum, out of which 60,000 tons are imported. This level of consumption is very low. There is therefore, a great need to explore further, during the Plan period, the milk potential of Nigerian cattle and pay special attention to the encouragement of production of milk from selected breeds which will be maintained under proper health, nutritional and management conditions in selected favourable ecological zones.

(*b*) *Pigs*—Pig breeding offers one of the most rapid opportunities for increasing the output of animal protein food especially in the southern parts of the country.

Despite the development of this industry in the past few years, pork-products are still very expensive and the majority of Nigerians cannot afford to buy them. This is due mainly to the very high cost of feeding-stuffs. Special attention will be paid during the Plan period, to the production of cheap balanced feeds from local products such as grains, oil-cakes, blood and bone-meal. High yielding exotic breeds of pigs will continue to be imported for commercial production as well as for cross-breeding with local breeds.

For intensive pig production, farmers will be encouraged to form co-operative units which will help them obtain feeds, piglets and good extension service. Slaughtering will be conducted in abbatoirs and the meat sold directly to butchers, or chilled and stored in cold rooms until required.

(*c*) *Sheep and Goats*—These small ruminants are kept by nomadic herdsmen in association with herds of cattle, but large flocks of sheep are also kept by nomads who do not keep cattle. They are also kept in villages all over the country and are an important source of animal protein. Work on the improvement of these animals will be directed towards the control of parasitic and skin diseases, better feeding and the improvement of indigenous breeds through cross-breeding with suitable exotic breeds of high productivity.

(*d*) *Poultry*—Poultry is a major source for increasing rapidly the output of animal-protein food. The initial costs are low and can be met by small operators. Poultry keeping has in the past few years, been developed in many areas of the country. It is no longer necessary to import eggs and table-birds from abroad.

During the Plan period, the Governments will step up their cross-breeding programme of exotic and local type. More feed-mixing plants to produce concentrated feeds from local ingredients will also be established, with a view to ensuring a reasonable price for feeds and increase their demand.

(*e*) *Organised Marketing*—The importance of an organised marketing system for meat, milk, eggs and poultry cannot be overemphasised. It is a fact that the absence of organised marketing has considerably accentuated protein deficiencies in the country, since considerable weight loss occurs in slaughtered animals as a result of trekking long distances from the producing to the consuming centres under unhealthy conditions. A better organised marketing system will enable live animals to be transported in more humane manner, and the considerable amount of weight usually lost during trekking would be minimised. The use of modern abattoirs and slaughtering techniques would be encouraged by a good marketing organisation which could also, more effectively consider the economics, finance and logistics of inter-state trade in chilled meat. A good marketing organisation would tackle the problems at present associated with the improper utilization of valuable animal by-products such as bones, hoofs, horns and blood.

Therefore, during the Plan period, the Governments will encourage the formation of Co-operative Societies for beef marketing. Refrigerated vehicles will be provided to transport beef to consuming areas. There will also be cold-storage facilities at both ends of the distribution chain, so that stocks of meat may be held for some days without danger of deterioration. On the reception end, these cold stores will be sited at wholesale meat markets for convenient distribution to retail butchers, most of whom have no refrigeration facilities of their own and would thus need to indent daily for their supplies. Insulated trucks will be provided to transport meat from the railheads to nearby towns and villages, especially in the Southern States.

It is of the utmost importance that any improved marketing system for beef should reach back to the producer, since the long-term development of the industry will depend on the incentive given to producers to improve their methods of cattle raising. To this end, objective standards for beef will be established and measures will be taken to ensure that the beef are, in fact, marketed according to those standards. This will entail fixing grades for different qualities of meat. Efforts will also be made to establish a reliable market reporting service, so that information concerning prices at wholesale markets will be quickly made available for efficient marketing.

For purposes of control, a system of registration will be introduced to cover all large cattle owners, as well as dealers and butchers. Such registration will assist the enforcement of regulations made by the Government and also provide a base for obtaining information on the number of livestock slaughtered, prices and other data needed to plan effectively, livestock production and marketing. The work of the Livestock and Meat Authority will be extended to cover the whole Federation for the purpose of giving effect to the various policy measures outlined above.

The sale of milk products also deserves attention. The milk produced in different parts of the Northern States is mostly consumed locally as sour milk or as clarified butter fat or ghee, a low-priced product and a wasteful method of utilizing milk. If the producer of milk can receive sufficient incentive to sell whole milk, he would be less willing to convert it into clarified butter fat. During the Plan period, a more organised milk marketing arrangement will be encouraged.

A system of milk-collecting centres will be planned for the supply of urban centres. These centres will be established at appropriate places, taking into consideration the perishable nature of the product and the character of demand. Milk from the nomadic herdsmen distant from the network of collecting centres will be assembled through mobile collecting points. The collected milk would then be pasturised and distributed to urban centres. One advantage of the system lies in the encouragement to milk producers in outlying districts. It would also help in the effort to settle nomadic groups, improve availability of more animal proteins to the population and lay the foundation for a future, more sophisticated milk-processing industry.

Despite the rapid and impressive growth of egg production over the past decade, the lack of a proper marketing system has not made it possible for the growth to have a widespread effect on the nutrition of the people. During the Plan period, the Government's Plan will further intensify egg production all over the country, establish a better and uniform basis for egg grading, assist in the provision of egg packaging materials to minimise losses from breakage and give support to Co-operative Egg Marketing institutions.

2. Forestry

Out of Nigeria's total land area of 356,669 square miles, about 139,000 square miles are forest land. This is a little over one-third of the total area. But the permanent forest estate (forest reserves) occupy 36,104 square miles or 10.12 per cent of the total land area. Of these reserves, mangroves, found around the coastal swamps, cover 85 square miles; the High Forest of the southern parts occupy 7,483 square miles while the Savanna woodland of the North extends for 28,536 square miles. The High Forest of the Western, Mid-Western and the South-Eastern States are the most prolific sources of industrial wood (timber and sawn logs). These States account for over 90 per cent of the total export of the whole country.

It has been estimated that only 30 of the more than 100 usable tree species in Nigerian forests are at present exploited. A volume of 50 million cubic feet of industrial wood is removed annually from the forest, of which approximately 50 per cent is exported. This yields about £7 million in foreign exchange annually and an approximately equal amount is realised within the country.

Statistics show that less than 25 per cent of the removals are regenerated. Furthermore, the contribution of forestry to the gross domestic product averaged about £65 million during the 1960's. Nigeria has been experiencing a general state of stagnation of forestry output for the past decade.

During the Plan period, the following forestry policy will be pursued with vigour :

(*i*) Provision of an adequate supply of wood and wood products in perpetuity by regular intensive regeneration. To this effect, the Governments concerned with forestry production will increase substantially the rate of regeneration. This will compensate for the heavy removal of wood products that will be needed for the reconstruction of house and factory buildings, furniture manufacture, in the relaying of railway track in the war-affected areas and elsewhere. In addition, the regeneration programme will be carried out to meet the country's estimated requirement of over 300 million cubic feet of timber by the end of the century. The various Governments will pay special attention to regeneration with fast growing forest species to yield high quality timber.

(*ii*) Exploration of ways whereby usable ones of the "lesser known" species can be accepted for industrial purposes. A number of these species are being used locally to produce attractive and good quality plywood and blackboards. Widespread use of the species will therefore be intensified.

(*iii*) Increase in the efficiency of the existing forest industries by promoting the adoption of modern techniques and equipment, and by increasing the utilisation of available manpower and material to obtain better quality products. The commercial utilisation of forestry waste will be intensified ; for example residues from logging sites, sawmills, plymills and furniture and joinery shops. This will make possible the production of fibre or particle boards usable for partitions, radio cabinets, furniture and others. These, and the enhanced plantation work envisaged, will increase employment in the rural areas, especially as forestry is a labour intensive industry.

(*iv*) Provision of adequate raw materials for existing and proposed paper mills and match factories. To effect this, Government will embark on an intensive planting of gmelina, pines and other suitable species.

(*v*) Expansion of wild life and recreational aspects of forestry which will include the development of game reserves and National Parks.

3. Fishing

Fishery is a valuable source of animal protein. The amount of fish available from all Nigerian sources annually is only about 120,500 tons. Before the import restrictions arising from the civil war, 150,000 tons of stock-fish were also imported into Nigeria, bringing the total consumption of fish to about 270,500 tons. Against this, the country is estimated to need about 1 million tons of fish a year. There is therefore, the need to explore Nigeria's fishery resources rapidly, with a view to increasing substantially the amount available for consumption.

During the Plan period, the projected fishing terminal in Lagos will be constructed. The terminal will provide for the country, facilities which are indispensable to the development of domestic marine fisheries, foreign fish landings and the growth of a potential valuable export of fish and fish products. Most of the 40,000 tons of frozen-fish from chartered distant water trawlers are landed in Lagos. With improved port facilities it is anticipated that the quantity of fish landed will increase considerably.

Shrimp fishing has been shown to be an economic proposition in Nigeria's in-shore waters. Since the rich grounds are off the Niger Delta area involving at least 12 hours steaming time either from Lagos or from any of the other ports, the best method of operation is for a 'mother' vessel capable of quick freezing to collect the prawns from shrimpers and to deliver the frozen prawns to cold stores at a port from where they can be exported. The projected new Terminal will provide the necessary facilities for landing, cold storage, transhipment, grading and freezing of fish products, as well as, the repair of vessels. Tuna vessels will also be able to use Lagos as a base of operations especially if the tuna stocks believed to exist around Fernando-Po prove commercially viable for fishing. Benefits from the fishing terminal would also accrue to canoe fishing based in or near Lagos, especially when small mechanised vessels are introduced.

The present system of preserving fish by smoking in huts and drying on wooden racks is very unsatisfactory. The preservation process takes too long a time to complete, and a large percentage of the product is lost from attacks by rats and insects during the processing. Fish smoking and drying kilns (already designed and tried by F.A.O. fishery experts) will be introduced to rural fishermen especially in the Niger Delta area and the Nigerian shores of Lake Chad. Smoking and drying kilns are capable of being carried out on a small scale, and it is a characteristic feature of these areas that the fisheries operate in small communities which are difficult to bring together on account of transport difficulties. Thus, rural fishing communities will be organised into co-operative units and will be encouraged to build processing kilns.

The present fishery administrative organisation is such that fishery legislation is the responsibility of the individual State Governments. The Federal Government through its Ministry of Agriculture and Natural Resources has responsibility only for fishery research and fishery development in the Lake Chad area. The Federal Fisheries Service may, however, carry out research for the States as and when required by them. Otherwise, the States conduct most of the research themselves. Thus, fishery administration in Nigeria is potentially beset with a number of problems, including :

(*i*) lack of policy co-ordination,

(*ii*) duplication of research, and

(*iii*) research interests not necessarily related to visible development needs.

During the Plan period, steps will be taken to control policies relating to fishery research. The Federal Fisheries Service will be administratively responsible for all fishery research and training. It will, however, be empowered to delegate certain research functions to the States fisheries administration wherever mutually advantageous (e.g. because of special local conditions, suitable facilities, etc.). In order to overcome the drawback to successful fishery development, the Federal Ministry of Agriculture and Natural Resources will also take appropriate steps to co-ordinate development of fisheries in the States.

There is a substantial interest in fish farming in Nigeria. By 1966, the former Eastern Region had about 20 fish ponds and reservoirs for fish stocking. By the end of 1967, there were 120 fish ponds in the Western State. The Delta area also has many fish ponds including a 14-acre brackish water pond in Buguma, Rivers State. And there is a large-scale fish farm in Pamyan in the Benue-Plateau State. However, with the exception of Buguma fish pond station, little research has been done into the best species combination for particular environments, optimum stocking rates, and fertilizer and feeding combinations. Also, only few States have training programmes for fish farmers or a nucleus of properly trained practising fish farmers. Consequently, the yields have been generally very poor.

In view of the unsatisfied demand for fish in the country, active steps will be taken to explore the possibility of increasing the yield of fish ponds in various States. Pond fisheries may play significant role in the future prospects of the fishing industry, especially in land-locked areas where soils are not quite suitable for crop farming. The Government will embark on a national survey of the suitability (both technical and economic) of different areas for fish-pond farming. On the basis of the findings of this survey, the most suitable areas will be chosen to operate commercial pilot fisheries. Further extension and development of fish-pond farming will thus depend on the results from various test cases. Training requirements will also be planned to fit the the expansion of fishery programmes.

4. Investment Expenditure

The programmes and projects of the various Governments for the development of livestock, forestry and fishing are summarised in the tables below :

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING
1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Livestock					
(*a*) Veterinary Research					
(*i*) Expanded Research Programme into Animal Husbandry, Nutrition and Physiology	0.013	0.018	0.013	0.006	0.050
(*ii*) Expanded Programme for production of Biological Products ..	0.007	0.011	0.006	0.002	0.026
(*iii*) Water Supply, Irrigation Equipment and Public Health Service ..	0.004	0.006	0.009	—	0.019
(*iv*) Veterinary Training School : equipment and new building ..	0.020	0.025	0.005	—	0.050
(*v*) Housing (Junior and Senior Staff Quarters)	0.022	0.044	0.044	0.036	0.146
(*vi*) State Veterinary Investigation Laboratory: equipment and building	0.010	0.039	0.029	0.008	0.086
(*vii*) Pasture Research Unit Mokwa : laboratory offices and quarters	0.028	0.017	—	—	0.045
(*b*) Trypanosomiasis Research					
(*i*) Kaduna and Vom Offices : building and equipment	0.020	0.025	0.035	0.015	0.095
(*ii*) Tsetse Reclamation Programme ..	0.016	0.125	0.125	0.134	0.400
(*c*) Hides, Skins and Leather Project ..	0.084	0.071	—	—	0.155
(*d*) Veterinary Public Health	0.065	0.035	0.025	0.015	0.140
2. Forestry					
(*a*) Laboratory Equipment for Forestry Research	0.008	0.004	0.004	0.005	0.021
(*b*) Forest Products Utilization : laboratory equipment and machinery ..	0.014	0.014	0.003	0.008	0.039
(*c*) Savannah Forestry Research Station	0.085	0.080	0.070	0.070	0.305
(*d*) Rebuilding of Eastern States Substation	0.033	0.005	0.002	—	0.040

TABLE 1—*continued*

FEDERAL CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
(*e*) Tree improvement of selected Nigerian Hardwood Species . .	0.015	0.010	0.009	—	0.034
(*f*) Forest and Forest Industries Development in South-Western Nigeria	0.050	0.080	0.100	0.049	0.279
(*g*) Staff Quarters and Minor Works	0.021	0.015	0.009	—	0.045
(*h*) Ibadan School of Forestry—Rebuilding . .	0.127	0.090	0.056	—	0.273
(*i*) Library, Conference Room and Laboratories for Forest Entomology, Genetics, Statistics, Plant Physiology . .	—	0.030	0.030	—	0.060
(*j*) Research Station in High Forest (Sapoba) . .	—	—	0.016	0.003	0.019
(*k*) Jos Forest School . .	0.005	0.020	0.008	0.006	0.039
(*l*) Atlas of Nigerian Trees . .	0.005	—	—	—	0.005
3. Fishery					
(*a*) Federal Fishery School Buildings and Equipment . .	0.012	0.013	—	—	0.025
(*b*) Lake Chad Research Station . .	0.033	0.050	0.053	0.010	0.146
(*c*) Brackish Water Fish Culture Project	0.025	0.021	—	—	0.046
(*d*) Federal Fishery Headquarters . .	0.013	0.033	0.040	0.014	0.100
(*e*) Kainji Lake Research Project . .	0.080	0.220	0.165	0.035	0.500
SUMMARY					
1. Livestock . .	0.289	0.416	0.291	0.216	1.212
2. Forestry . .	0.363	0.348	0.307	0.141	1.159
3. Fishery . .	0.163	0.337	0.258	0.059	0.817
TOTAL . .	0.815	1.101	0.856	0.416	3.188

TABLE 2

STATES CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Livestock					
(*a*) Poultry . .	0.015	0.020	0.008	—	0.043
(*b*) Animal Programme . .	0.100	0.050	0.075	0.075	0.300
(*c*) Dairy . .	0.050	0.070	0.100	0.030	0.250
(*d*) Hides and Skin . .	0.005	—	—	—	0.005
2. Fishery . .	0.020	—	—	—	0.020
3. Forestry . .	0.080	0.080	0.104	0.020	0.284
TOTAL . .	0.270	0.080	0.220	0.125	0.902

TABLE 2—*continued*

STATES CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
EAST-CENTRAL					
1. Livestock					
(*a*) Poultry	0.060	0.081	0.072	0.087	0.300
(*b*) Animal Programme	0.190	0.245	0.247	0.218	0.900
(*c*) Hides and Skin	0.020	0.030	0.030	0.020	0.100
2. Fishery	0.064	0.043	0.031	0.012	0.150
3. Forestry	0.190	0.225	0.197	0.188	0.800
TOTAL	0.524	0.624	0.577	0.525	2.250
KANO					
1. Livestock					
(*a*) Poultry	0.003	0.003	0.003	0.003	0.012
(*b*) Animal Programme	0.242	0.427	0.270	0.224	1.163
(*c*) Dairy	0.003	0.005	0.009	0.009	0.026
(*d*) Hides and Skin	0.008	0.008	0.008	0.008	0.032
2. Fishery	0.008	0.010	0.010	0.010	0.038
3 Forestry	0.022	0.025	0.028	0.021	0.096
TOTAL	0.286	0.478	0.328	0.275	1.367
KWARA					
1. Livestock					
(*a*) Poultry	0.012	0.006	0.006	—	0.024
(*b*) Animal Programme	0.101	0.086	0.151	0.039	0.377
(*c*) Dairy	—	0.054	—	—	0.054
(*d*) Hides and Skin	0.001	0.001	0.002	0.001	0.005
2. Fishery	0.003	0.008	0.005	—	0.016
3. Forestry	0.035	0.041	0.039	0.040	0.155
TOTAL	0.152	0.196	0.203	0.080	0.631
LAGOS					
1. Livestock					
(*a*) Poultry	0.010	0.040	0.015	0.020	0.085
(*b*) Animal Programme	0.078	0.210	0.096	0.066	0.450
(*c*) Dairy	0.008	0.029	0.015	0.008	0.060
2. Fishery	—	0.400	0.700	0.900	2.000
3. Forestry	0.020	0.030	0.050	0.060	0.160
TOTAL	0.116	0.709	0.876	1.054	2.755

TABLE 2—*continued*

STATES CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING 1970-74

£million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
MID-WEST					
1. Livestock					
(*a*) Poultry	0.091	0.141	0.192	0.163	0.587
(*b*) Animal Programme	0.110	0.064	0.074	0.103	0.351
2. Fishery	0.098	0.106	0.114	0.104	0.422
3. Forestry	0.152	0.254	0.366	0.278	1.050
TOTAL	0.451	0.565	0.746	0.648	2.410
NORTH-CENTRAL					
1. Livestock					
(*a*) Poultry	0.039	0.016	0.013	0.011	0.079
(*b*) Animal Programme	0.205	0.148	0.063	0.033	0.449
(*c*) Dairy	0.020	0.003	0.003	0.002	0.028
(*d*) Hides and Skin	0.006	0.023	0.010	0.018	0.057
2. Fishery	0.012	0.002	0.015	0.009	0.038
3. Forestry	0.050	0.039	0.038	0.038	0.165
TOTAL	0.332	0.231	0.142	0.111	0.816
NORTH-EASTERN					
1. Livestock					
(*a*) Poultry	0.020	0.040	0.040	0.010	0.110
(*b*) Animal Programme	0.575	0.217	0.206	0.236	1.234
(*c*) Dairy	0.040	0.060	0.070	0.040	0.210
2. Fishery	0.011	0.013	0.013	0.012	0.049
3. Forestry	0.105	0.165	0.235	0.245	0.750
TOTAL	0.751	0.495	0.564	0.543	2.353
NORTH-WESTERN					
1. Livestock					
(*a*) Poultry	0.015	0.049	0.032	0.032	0.128
(*b*) Animal Programme	0.348	0.283	0.152	0.108	0.891
(*c*) Dairy	0.028	0.028	0.011	0.002	0.069
(*d*) Hides and Skin	0.020	0.030	0.021	0.020	0.091
2. Fishery	0.017	0.016	0.018	0.017	0.068
3. Forestry	0.137	0.090	0.190	0.183	0.600
TOTAL	0.565	0.496	0.424	0.362	1.847

TABLE 2—*continued*

States Capital Expenditure on Livestock, Forestry and Fishing 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
Rivers					
1. Livestock					
(*a*) Poultry	0.059	0.040	0.026	0.019	0.144
(*b*) Animal Programme	0.097	0.045	0.027	0.026	0.195
(*c*) Dairy	—	—	0.050	0.030	0.080
2. Fishery	—	0.300	0.500	0.700	1.500
3. Forestry	0.070	0.045	0.035	0.040	0.190
Total	0.226	0.430	0.638	0.815	2.109
South-Eastern					
1. Livestock					
(*a*) Poultry	0.027	0.031	0.040	0.047	0.145
(*b*) Animal Programme	0.140	0.091	0.047	0.048	0.326
2. Fishery	0.021	0.016	0.036	0.006	0.079
3. Forestry	0.064	0.064	0.064	0.065	0.257
Total	0.252	0.202	0.187	0.166	0.807
Western					
1. Livestock					
(*a*) Poultry	0.136	0.170	0.170	0.069	0.545
(*b*) Animal Programme	0.250	0.360	0.300	0.134	1.044
(*c*) Dairy	0.020	0.025	0.025	0.010	0.080
2. Fishery	0.130	0.200	0.170	0.102	0.602
3. Forestry	0.200	0.400	0.500	0.198	1.298
Total	0.736	1.155	1.165	0.513	3.569
Total, All States	5.078	5.510	5.215	3.657	19.460

TABLE 3

TOTAL PUBLIC-SECTOR CAPITAL EXPENDITURE ON LIVESTOCK, FORESTRY AND FISHING 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
Federal	0.815	1.101	0.856	0.416	3.188
Benue-Plateau	0.270	0.220	0.287	0.125	0.902
East-Central	0.524	0.624	0.577	0.525	2.250
Kano	0.286	0.478	0.328	0.275	1.367
Kwara	0.152	0.196	0.203	0.080	0.631
Lagos	0.116	0.709	0.876	1.054	2.755
Mid-West	0.451	0.565	0.746	0.648	2.410
North-Central	0.332	0.231	0.142	0.111	0.816
North-Eastern	0.751	0.495	0.564	0.543	2.353
North-Western	0.565	0.496	0.424	0.362	1.847
Rivers	0.226	0.430	0.638	0.815	2.109
South-Eastern	0.252	0.202	0.187	0.166	0.807
Western	0.736	1.155	1.165	0.513	3.569
TOTAL, STATE GOVERNMENTS	4.661	5.801	6.137	5.217	21.816
TOTAL, PUBLIC SECTOR ..	5.476	6.902	6.993	5.633	25.004

CHAPTER 15

MINING

Mining has become a very strategic sector in the nation's economy, in terms of its contributions to the gross domestic product, government revenue and foreign exchange earnings. At present, it contributes over six per cent of the gross domestic product, 27 per cent of total Federal Government current revenue and 44 per cent of export earnings. It also provides fuel and energy for the transport, electricity and industrial sectors. In terms of growth potentialities and linkage effects on other sectors of the economy, it is one of the leading sectors of the economy.

Nigeria is richly endowed with mineral resources. She is a leading world producer of mineral oil, tin, columbite and hafnium bearing zircon. The bulk of these has been for export. There has also been production and export of gold, tantalum and lead. Also produced mainly for domestic use have been coal, limestone for cement, marble for flooring purposes and clay for pottery manufacture. Although mining has been restricted to these minerals, other known deposits include such minerals as iron, lignite, wolfram, molybdenum and bartytes.

Although mining is now a very important sector, the substantial investments in this sector have been by foreign-owned private companies. In contrast, actual public capital expenditure in this sector during the 1962-68 Development Plan was £0.207 million or 33 per cent of total planned expenditure of £0.616 million. The realised expenditure figure was for the Ministry of Mines and Power office buildings, staff housing, and for geological and geophysical surveys and expansion of the School of Mines, Jos.

2. Problems and Policies

The relatively insignificant capital expenditure by the Government in the mining sector during 1962-68, reflects the existing Government policy with regard to the exploitation of the country's mineral resources. This was to refrain from direct participation in prospecting and mining of mineral resources because of the high risks and intricate technology involved and because of the huge financial requirements, and, as a matter of policy, to leave the mining of minerals in the hands of private enterprise. The Government has, nevertheless, been involved in the fortunes of the mining industry. It has contributed, for example, to research in tin and supported the International Tin Research Council; financed partly Nigeria's share of the International Tin Buffer Stock, maintained a Mines reclamation unit for reclaiming mined-out grounds for agriculture and forestry, and has run a Mines School at Jos to train personnel for employment in the mining industry. It has also provided and encouraged the use of ore-dressing plants for processing tin ore. In 1962, a smelter was established in Jos and it has since smelted the tin ore produced in Nigeria, thus removing the necessity to ship tin ore overseas for processing as was formerly the case. It also provides geological and geophysical maps, publications and reports that could be of use to prospective miners. The Mines Division of the Ministry of Mines and Power has generally acted as the Government agency for carrying out these functions and for enforcing mining and prospecting laws.

During the 1970-74 Plan period, Government will participate in the exploration and production of Nigeria's mineral resources. This direct involvement is necessary because of the crucial role which mining (and especially of crude petroleum) is expected to play henceforth in the economy—providing fuel and energy for, and stimulating growth in other sectors of the economy, as well as providing the bases for future petro-chemical and fertilizer industries. Government's direct intervention, in addition to its purposeful regulatory role, will help to optimise these contributions to the national economy. Private companies have often in the past shown a reluctance to explore and prospect for new mineral deposits which do not present prospects of immediate financial returns. This timid approach if left uncorrected, will result in a large part of Nigeria's hidden wealth remaining untapped for a long time to come.

Government involvement in the mining sector will be in two main areas: the development of solid minerals and petroleum mining. With regard to the former, Government will explore the possibilities of new solid mineral deposits. In this connection, the Geological Surveys Division of the Ministry of Mines and Power has already, under its expanded geological surveys programme, drawn up a detailed plan aimed at taking an inventory of the country's mineral wealth. The country has been divided into seven zones to facilitate intensive geological surveys and prospecting in each zone. On the basis of these surveys, more thorough exploration of the areas for possible mineral deposits would be organised in order to determine their reserve potentialities. On the basis of these studies Government would decide whether to engage exclusively or in partnership with technical partners in the exploration and mining of such new solid mineral resources as may be discovered.

In anticipation of this closer Government involvement in the mining of solid minerals, the Federal Government has approved in principle the establishment of a National Prospecting and Mining Company. All rights to any new minerals discovered would be vested in this Company. In addition, both the Geological Surveys Division and the Mines Division of the Ministry of Mines and Power will be expanded and re-organised in order to effectively fulfil their important roles in mineral exploration.

Petroleum mining, which is the second area of Government interest in the mining sector, is currently by far the more important. Government has already indirectly gone into oil exploration and mining by entering into a participation arrangement with one of the oil exploration companies in which no financial investment by Government is necessary until the production stage. The arrangement also allows part of the share of Government investment to be paid for from profits that will accrue from the production and sale of crude oil. Beyond this modest start, however, the Government will establish, as soon as practicable, an appropriate organisation that would on its own go directly into oil exploration and mining. (The scope of Government intervention in the overall petroleum industry is further elaborated in Chapter 17 on Fuel and Power). The aim of the Government in this regard is primarily to effect rational investment decisions in the petroleum mining sector (and in the oil industry as a whole) and to ensure that the overall policy of Government has the expected results. In short, the proposed Government direct involvement in oil exploration and production will be one of the instruments at the disposal of the Government for carrying out the policy objectives in the industry.

In anticipation of direct Government involvement in oil exploration and mining, as well as in other petroleum activities, the Government has recently set up a Petroleum Board under the Chairmanship of the Permanent Secretary of the Ministry of Mines and Power. Its main function is to advise the Government on all policy matters affecting the petroleum industry. The Board's membership is drawn from the various Ministries which are involved in one way or the other with policy matters affecting the oil industry and the management of the nation's economy. The Board is also empowered to co-opt such other persons within and outside the Civil Service whose participation in the deliberations of the Board is considered beneficial to the discharge of its functions.

Along with the Government policy of direct participation in the mining sector, Government's policy objective is the need to plan and direct the increased exploitation of the country's known resources. The rapidly changing pace of technology in the world suggests that the best policy is to optimise the utilisation of known minerals which have immediate commercial value (e.g. crude oil and tin), to earn foreign exchange through their export, to save foreign exchange through local processing to replace import, and to provide funds for financing expanding investment in the economy as a whole. There is need to preserve the exhaustible mineral resources which have little immediate commercial use (e.g. coal) until such a time when further technological innovations and shifts in demand make their utilization commercially worthwhile.

Over the Plan period, therefore, one of the main objectives of policy will be the immediate utilisation of the known and commercially viable mineral resources. Government policy will, however, also be geared to ensuring that the rate of depletion of these resources is in consonance with the overall national objectives, such that the country derives optimum returns on investment in the mining sector. A rational exploitation of the country's mineral resources, especially of crude petroleum, demands that mining is not carried to the point where the overriding objective is the immediate and maximum returns to private investors. An unregulated activity in the mining sector could lead to a situation where, because of current limited absorptive capacity, the country misses the opportunity to optimise the returns from a process of rapidly extracted mineral resources, while in the future with better absorptive capacity the returns are then no longer there because the resources have been exhausted. The Government would strive for an optimal trade-off between the desire for an immediate utilization of the commercially valuable mineral resources and their rates of extraction.

This is particularly true of crude oil mining. Unless a judiciously formulated policy is adopted and followed, the country will suffer seriously from what is fast becoming an oil illusion. Nigeria is presently so overwhelmed by her crude oil resources and the foreign exchange earnings resulting, that it is often forgotten that oil is an expendable resource, and that the more it is exploited the less there is for use in the future. From current estimates, proven reserves of crude oil will, at their current rate of exploitation, be exhausted by 1990 unless new deposits are discovered. Even if new reserves are discovered—which is a very likely event—to help propel the economy for some extra years, they are nevertheless exhaustible and could be exhausted within a generation or overtaken by technological revolution. It is, therefore, both a challenge to, and an obligation on, the present generation to ensure that Nigeria's oil resources are put to the best use. The overriding strategy should be to employ crude petroleum oil to transform the country into a modern state—technologically and industrially. This objective will be pursued at all times. Before the arrival of petroleum, Nigeria had a strong and potentially viable modern economy. With the production of petroleum the economy has become stronger. It should become stronger still by the time the petroleum resources are exhausted.

Within this general policy, therefore, Government will encourage increased exploitation of crude petroleum oil, tin, gold, columbite, lead, zinc, limestone, etc. as well as explore for new minerals. With regards to coal, which is discussed in greater detail under Chapter 17 on Fuel and Power, the only alternative open to Government in view of the rapidly declining demand for coal, is to preserve most of it until such a time when export prospects or new industrial uses for coal can justify expansion of coal mining beyond meeting the immediate requirements of the railways, thermal power stations and other negligible users.

In summary, the specific policy objectives will be to :—

(*i*) promote the diversification of the country's primary mineral products through extensive geological explorations and mineral deposits appraisals ;

(*ii*) organise the development of mineral resources so as to contribute to the overall national development effort ;

(*iii*) control and regulate activities in the mining sector in order to optimise its effective contribution to the entire national economy ;

(*iv*) secure the conservation of the country's mineral resources ; and

(*v*) conduct research into efficient extractive methods and wider application and use of minerals.

3. Capital Programme

The initial capital expenditure already programmed for the mining sector during the four-year period is £2.586 million. The programme comprises the Surveys of Mineral Resources (£136,000), Air-borne Geological Surveys (£250,000) and the Rehabilitation of Enugu Coal Mines (£700,000). A further capital allocation of £15 million will be earmarked for the preliminary commitments and expenses likely to arise from Government participation in the mining industry in the final phase of the Reconstruction Plan period.

CAPITAL EXPENDITURE ON MINING, 1970-74

£'million

Projects	1970-71	1971-72	1972-73	1973-74	*Total*
1. Survey of Mineral Resources	0.017	0.033	0.053	0.033	0.136
2. Air-borne Geological Survey	0.001	0.048	0.150	0.051	0.250
3. Government Participation in Mining Industry	—	—	0.500	1.000	1.500
4. Rehabilitation of Enugu Coal Mines ..	0.200	0.400	0.100	—	0.700
TOTAL	0.218	0.481	0.803	1.084	2.586

CHAPTER 16

INDUSTRY

Over the last decade, industrial growth has become a crucial factor in the pace and pattern of Nigeria's general economic development. Increased agricultural production and the new burst of activity in petroleum production, and manufacturing industries have come to constitute the major driving force in the development process. Industry has moved from the periphery of the country's growth mechanism to a potentially dominant position as an important engine of economic transformation. This increasing importance, combined with the growing product diversity and technological complexity of modern manufacturing, demands closer attention for planning and policy formation. The tools of public policy must be designed for adequate response to these diversity and complexity. The Reconstruction period offers an opportunity for the nation to correct past lapses in the management of the industrial sector and for putting the nation's industrial programme on a stronger and more rational basis. This is particularly important because Nigeria is now moving away from the easier early phases of industrialisation to the more demanding second-generation phase of basic structural change. The policies, programmes and projects in the industrial sector of the present Plan have been designed precisely to meet this new challenge.

1. Growth of Industrial Activity

Progress in the Manufacturing sector (including crafts) of the economy has been remarkable over the last ten years. In 1958, the contribution of Manufacturing activity to the Gross Domestic Product at current factor cost amounted to £40.5 million or roughly 4 per cent of the Gross Domestic Product. Five years later, in 1963, the value added had risen to £78.9 million (nearly double the 1958 figure) and the percentage contribution had gone up to 5.6 per cent. The annual rate of growth during the five year-period was 17 per cent. By 1967, the value added had increased to £112.9 million and the percentage contribution risen to 8.4 per cent. The average annual growth rate between 1963 and 1967 was 15.7 per cent. Table 2, as an elaboration of Table 1, shows the steady annual rise in the value of components of the Manufacturing sector.

TABLE 1

VALUE ADDED OF MANUFACTURING (AT CURRENT FACTOR COST), 1958-67

Year	*Value Added (£'million)*	*As a % of Total G.D.P.*	*Annual Growth Rate %*
1958	40.5	4.0	—
1963	75.4	5.6	17.0
1967	112.9	8.4	15.7

In 1958, about half of the contribution of the Manufacturing sector came from the semi-processing of primary raw materials for export. These were mainly palm oil processing, rubber creping, saw milling and veneer production. Factory production, which was then in its infancy, accounted for the remaining half. By 1967, however, value added generated by upgrading the agricultural and forest products in relative terms had fallen considerably accounting for less than 25 per cent of the value of the total output in the Manufacturing sector, while industrial products accounted for the rest. Among these industrial products may be mentioned cement, building construction materials, metal products, textiles, shoes, beer and soft drinks, soap and detergents, etc.

Although the Manufacturing sector still contributes a relatively small proportion of the Gross Domestic Product, it has recently demonstrated the next highest annual rate of growth, led only by petroleum production. The consistent increase in its relative contribution to the Gross Domestic Product, paralleled by the steady percentage decline in the contribution of Agriculture, is an indication of a gradual structural transformation of the economy towards greater diversity and sophistication.

TABLE 2

VALUE ADDED BY THE MANUFACTURING SECTOR, 1958-67

£'million

Industry Group	1958	1963	1967
Food (including tobacco, meat, dairy, fruits and grain, sugar and confectionery)	4.76	10.77	16.02
Beverages (including soft drinks)	4.50	10.17	11.79
Vegetable Oil Milling	1.51	3.42	7.22
Textiles	1.76	3.99	13.68
Garments	0.04	0.09	1.02
Footwear	0.24	0.54	1.35
Furniture and Fixtures	0.32	0.73	0.62
Glass Products and Pottery	0.01	0.02	0.05
Paints	0.16	0.36	0.59
Bricks and Tiles	0.04	0.10	0.12
Cement and Concrete Products	1.51	3.42	3.14
Basic Industrial Chemicals, Petroleum Products and Miscellaneous Products	1.27	2.87	7.04
Electrical Equipment	0.05	0.12	0.44
Basic Metal and Metal Products	1.27	2.88	6.07
Motor Vehicle Assembly (including Bicycle assembly)	0.29	0.65	0.80
Other Manufactures	6.57	14.80	16.68
Crafts	16.20	20.40	22.40
TOTAL	40.50	75.30	112.90

TABLE 3

GROSS INDUSTRIAL CAPITAL FORMATION*
1964-67

£'million

Industry Group	1964	1967†
Food (including tobacco, meat, dairy, fruits and grain, sugar and confectionery)	2.270	4.396
Beverages (including soft drinks)	2.110	0.975
Vegetable Oil Milling	0.550	0.508
Textiles	3.611	5.505
Garments	0.138	0.159
Footwear	1.168	0.376
Furniture and Fixture	0.611	0.314
Glass Products and Pottery	0.185	0.049
Paints	0.102	0.092
Bricks and Tiles	0.030	0.085
Cement and Concrete Products	0.371	1.000
Basic Industrial Chemicals, Petroleum Products and Miscellaneous Products	0.981	1.046
Electrical Equipment	0.141	0.157
Basic Metal and Metal Products	1.930	1.203
Motor Vehicles Assembly including Bicycle Assembly	0.344	0.186
Others	5.575	4.071
TOTAL	23.457	20.122
Non-Response Industries	5.863	1.750
GRAND TOTAL	29.320	21.872

Notes.—* Covers only manufacturing establishments with more than 10 employees.
† Excludes the three Eastern States.

Before Independence in 1960, less than £5 million per annum was invested in manufacturing activities, and foreign investment in the private sector accounted for most of it. For the public sector, it is remarkable to record that out of £91.3 million projected for total public investment in the 1955-60 capital programme, only £7 million was allocated for industry, a minor proportion of which was in any case actually expended. But with the upsurge in economic activities arising from recently-won freedom and a new awareness of Nigeria's potentialities, industrial investment shot up to just less than £30 million in 1964. Out of this amount only about £5 million was invested in the public sector.

Table 3 shows the amount of investment under each industrial category. It brings out the changing composition of industrial capital formation. Although there are no exact comparable figures, there is little doubt that the public sector has in the past years seriously and regrettably lagged behind the private sector in the quantum of investment.

2. Industry and the First National Plan

In the 1962-68 Plan, because of the high priority accorded the industrial sector, provision was made for the capital expenditure of £90 million for the Trade and Industry Programme over the 6-year period, or roughly 13 per cent of the public investment programme. By March 1968, when the life of the plan expired, less than one-third of the amount had in fact been committed.

Several factors accounted for this rather poor showing in the public sector. Firstly, though the objectives of the industrial development programme were somehow defined to stimulate the establishment and growth of industries which contribute both directly and materially to economic growth, to enable Nigerians to participate to an even increasing extent in the ownership, direction and management of Nigerian industry and trade, to broaden the base of the economy and minimise the risk of over-dependence on foreign trade, to secure full employment for the people, to make the fullest use of available resources, etc., they were not matched with well-articulated projects and closely-defined policies, geared towards their achievement. The Governments made general policy statements on improving the investment climate by granting the usual incentives : pioneer certificates which allow for income tax relief, import duty relief, initial capital allowance and depreciation allowance for investment in equipment, duty relief on industrial machinery, spare parts and raw materials and the protection of local industries through tariffs, quota restrictions and licensing of imported competing products. Industrial estates were to be developed and let out to foreign industrialists at subsidised rates, and cottage industries were to be established. The incentive measures made available to all-comers without any selectivity criterion only succeeded in enabling certain firms to amass profits at the expense of the tax-payers. Very few industrial estates, apart from those already in existence before the Plan was launched, were built. The record on the establishment of cottage industries was not impressive. Urban unemployment was also becoming a major national problem before the civil war set in.

Secondly, no well-prepared feasible projects were identified prior to the launching of the plan. The Iron and Steel project which was supposed to be the cornerstone of the industrial sector, had not, by the end of the plan period, passed beyond the investigation stage. A general allocation of £5 million for "investment in industries" resulted in the establishment of some industrial projects whose viability was not assessed before execution and some of which have now turned out to be "white elephants". Such projects now pose for the Government the problem of the appropriate rationalisation measures to adopt. How, in other words, would such industries be made to have long-term viability prospects, and be reconstructed and infused with new life, failing which they might have to be closed down to cut continuing losses.

In spite of the poor performance of such doubtful projects, others have been remarkably successful. The Nigerian Industrial Development Bank, a development credit institution set up in 1963 by the Federal Government in partnership with the International Finance Corporation, has in a way justified its existence. As at the end of 1969, N.I.D.B. had sanctioned loans and equities totalling £8.1 million of which £5.6 million has been disbursed to Nigerian-incorporated companies in the industrial sector. Its investments in companies are based purely on commercial considerations of profitability and sound business management. The existing policy of the Bank which limits its financial participation in any one project to a minimum of £10,000, however, virtually places the operations of the Bank beyond the reach of the average indigenous-owned and controlled companies, which in most cases are small-sized. The Bank has undoubtedly provided substantial funds for promoting a virile private sector ; but it has failed to influence industrial "indigenisation" in a big way. The policies of the Bank are accordingly being reviewed to correct this anomaly.

A Petroleum Refinery was built at Alese Eleme near Port Harcourt in 1963 with a product capacity of 1.5 million tons per annum. Thus, it was able to supply practically all the refined petroleum needs of the country until production stopped as a result of the civil war in 1967. The refinery capacity is being expanded to enable it process, after reconstruction, approximately 2.45 million tons of crude oil per annum. It is estimated that this capacity will be adequate to meet the country's needs without recourse to import until about 1973. Proposals are, therefore, afoot for the building of a second refinery during the present Plan period.

The Federal Loans Board set up to provide modest loans for small-scale Nigerian businessmen was a lame duck. The scheme flopped because loans were granted in most cases on political rather than commercial considerations. What was supposed to be a revolving fund designed to benefit as many small-scale businessmen as possible ended up as a bonanza for a few; and it became virtually impossible to recover most of the loans.

The policy of import-substitution pursued since Independence has earned rich dividends. It has been the main determinant of the high growth rates recorded in the Manufacturing sector. For a few industrial products like cement, flour and beer, the process was nearly complete. As the country's manufacturing consists mostly of the supply of goods to final consumers, import-substitution brought in its wake a rise in the importation of raw materials, intermediate and capital goods. The Manufacturing sector has thus become highly dependent on import.

A look at columns 5 and 9 of Table 4 clearly reveals that the value added in respect of most of the industries as percentages of gross output has remained remarkably low. The exceptions are food, beverages and cement. It is also worth pointing out that imported raw materials constituted about 45 per cent of the industrial costs shown in columns 3 and 7 of Table 4. The problem is worse in metal production, where value added was as low as seven per cent. This is perhaps understandable, when it is realised that all the stages of metal production (iron ore smelting, production of pig iron and steel conversion) are still undertaken abroad. Only the final stage (metal fabrication) is handled locally; and this constitutes a very low percentage of the value of the final product. The establishment of an integrated iron and steel complex using mostly local materials should thus make a world of difference.

TABLE 4
VALUE ADDED BY MANUFACTURING INDUSTRIES
1958-67

£'million

Industry Group	1958	1963				1967			
	Value Added 1	*Gross Output* 2	*Production Costs* 3	*Value Added* 4	*Value Added As % of Gross Output* 5	*Gross Output* 6	*Production Costs* 7	*Value Added* 8	*Value Added As % of Gross Output* 9
Food (including Tobacco), Meat, Dairy, Fruits, Grain and Sugar Confectionery ..	4.76	20.65	9.88	10.77	52.15	31.07	15.05	16.02	51.56
Beverage (including Soft Drinks)	4.50	14.04	3.87	10.17	72.44	15.33	3.54	11.79	76.91
Vegetable Oil Milling	1.51	14.37	10.95	3.42	23.80	24.19	16.97	7.22	29.85
Textiles	1.76	6.93	2.94	3.99	57.58	30.24	16.56	13.68	45.24
Garments	0.04	1.27	1.18	0.09	7.08	2.41	1.39	1.02	42.32
Footwear	0.24	1.08	0.54	0.54	50.00	3.64	2.29	1.35	37.09
Furniture and Fixture	0.32	1.72	0.99	0.73	42.44	3.61	1.99	1.62	44.88
Glass Products and Pottery	0.01	0.08	0.06	0.02	25.00	0.46	0.41	0.05	10.87
Paints	0.16	0.76	0.40	0.36	47.37	1.34	0.75	0.59	44.03
Bricks and Tiles	0.04	0.21	0.11	0.10	47.62	0.23	0.10	0.12	52.17
Cement and Concrete Products	1.51	5.89	2.47	3.42	58.06	5.81	2.67	3.14	54.04
Basic Industrial Chemicals, Petroleum Products and Miscellaneous Chemicals ..	1.27	6.90	4.03	2.87	41.59	14.39	7.35	7.04	48.92
Electrical Equipment	0.05	0.25	0.13	0.12	48.00	1.38	1.38	0.44	24.18
Basic Metal and Metal Products	1.27	16.49	13.61	2.88	17.47	25.60	19.53	6.07	23.71
Motor Vehicle Assembly (including Bicycle Assembly)	0.29	9.48	8.83	0.65	6.85	8.50	7.70	0.80	9.41
Others	6.57	36.58	21.78	14.80	40.46	50.61	33.94	16.67	32.94
Crafts*	16.20	—	—	20.40	—	—	—	22.40	—
TOTAL	40.50	136.70	81.77	75.3	40.18	219.25	131.62	112.90	39.96

* Gross output and figures on Production Costs in respect of Crafts are not available.

In total, it is clear that Nigeria's manufacturing has achieved a low level of interdependence. This low linkage has serious implications for the structure of industry and employment, as well as for the levels of income and foreign exchange earning. The answer lies in the upgrading of local production of intermediate and capital goods for sale to other industries. True, Nigerian Industry cannot, for some time yet, enjoy the advantages of large-scale production available to Industry in the highly industrialised economies. But this is no reason to allow the country's manufactures to remain a perpetual appendage of foreign industrial complexes.

Another problem of Nigerian industrial development is the low level of indigenous ownership and control. If not reversed, this unsatisfactory situation may lead to future undesirable economic and political complications. While welcoming foreigners to invest in the industrial sector, it is now a firm policy of Government that Nigerians must have a definite and effective stake in the ownership and management of each venture.

3. Industrial Policy

The new industrial policy of the Government is designed to check the undesirable trends spotlighted in the preceding paragraphs and to lay down a solid foundation for long-term steady growth and development of the industrial sector.

The objectives of the new policy are to :

(*i*) promote even development and fair distribution of industries in all parts of the country ;

(*ii*) ensure a rapid expansion and diversification of the industrial sector of the economy ;

(*iii*) increase the incomes realised from manufacturing activity ;

(*iv*) create more employment opportunities ;

(*v*) promote the establishment of industries which cater for overseas markets in order to earn foreign exchange ;

(*vi*) continue the programme of import-substitution, as well as raise the level of intermediate and capital goods production ;

(*vii*) initiate schemes designed to promote indigenous manpower development in the industrial sector ; and

(*viii*) raise the proportion of indigenous ownership of industrial investments.

In pursuance of these objectives, the Government will lay down priorities from time to time and initiate positive measures to achieve them. Apart from setting priorities in respect of public sector-programmes, the Government will also endeavour in its investment promotion efforts to give firm guidelines to private-sector investments in priority areas, through appropriate selective incentive measures.

(*a*) *Reconstructing Damaged Industrial Capacities*—The administrative re-organisation of the country into twelve States and the damages of industrial facilities by war pose some urgent problems to the industrial sector. The new policy is also designed to create a climate and an organisational frame-work for the solution of these problems in a way that is consistent with the achievement of the long-range objectives of industrial development.

One of the problems hinges on the need to ensure that war-damaged capacities in the war-affected areas are restored and normal production is restarted in the shortest time possible. This can only be achieved if damaged infrastructure such as water, electricity, transportation and communications are quickly restored. The appropriate Ministries and statutory agencies are taking urgent steps to remedy the situation. The Government will also facilitate the entry of experts required for restoring operations, as well as ensure that essential replacements for equipment, spare parts and vital raw materials are allowed easy access into the country. Where Government is a part owner of an Industry it will give guarantee (to the extent of its equity participation) for foreign and local loans raised by the industry to finance the restoration of operations where this is a necessary condition for securing the loans. Special assistance will also be given to enable war-damaged small-scale industries to resume operations.

(*b*) *Industrial Priorities*—In the effort to promote expansion of the intermediate and capital good industries in order to raise the contribution of value added in the Manufacturing sector, the Government is not oblivious to the problem posed by the relatively low economies of scale under present Nigerian conditions. It is clear that the Government must now give greater support to those industries seeking additional markets for their products outside Nigeria, in order to raise their scale of operations.

In pursuing rapid industrial development, the planning of industrial projects will be closely integrated with the development of projects for modernising agricultural production. The following order of priorities has, to this end, been adopted as a guide for further expansion

(*i*) Agro-allied industries

(*ii*) Petro-Chemical and Chemical industries

(*iii*) Greater integration, linkage and diversification of the Textiles industry

(*iv*) An integrated Iron and Steel complex

(*v*) Passenger Motor Vehicle Assembly and related industries

(*vi*) Expansion of existing industries for export

(*vii*) Further import substitution in selected goods.

(*c*) *Industrial Incentives*—Industrial incentives (viz. Pioneer Company Certificates, Duty Relief and Approved User Scheme, Initial and Depreciation Allowances) continue to be made available to investors. However, only carefully selected industries which meet the requirements of national priorities will qualify. Such industries will, for example, include iron and steel complex and production of fertilizer, but exclude cosmetics, biscuits manufacture and textile industries producing only cotton final piece goods and prints.

(*d*) *Industrial Location*—Industries sponsored by the Federal and State Governments will, as a matter of location policy, be sited purely on economic considerations. A measure of administrative discrimination will, however, be allowed in favour of less industrially developed towns and districts when considering the marginal levels of selective incentives. Any such subsidies will be specific and explicit.

(*e*) *Industrial Training Fund*—An Industrial Training Fund will be established during the Plan period for the purpose of financing industrial training of indigenous personnel. All industries will be obliged to contribute, and each firm will be expected to prepare a well-articulated programme for increasing progressively Nigerian participation in management at all levels. Details of the Fund and its administration will be worked out after consultation with the interests concerned.

(*f*) *Government and Indigenous Equity Participation*—As mentioned earlier, Nigerian ownership and control of industrial investments are extremely low. Indigenous ownership and control in strategic industrial areas are essential in order to maximise local retention of profit, increase the net industrial contribution to the national economy, and avoid explosive socio-political consequences that are bound to arise in future with foreign-absentee control of the nation's industrial sector. The Government is convinced that the drive for greater

Nigerian participation should proceed simultaneously with attracting foreign investments on mutually beneficial terms. Local and foreign investors can only work together when the interest of the nation is assured at all times.

As a matter of public policy, the following industries shall be reserved for effective direct public-sector control. Specifically, the Government will hold at least 55 per cent in each of their equities :

(*i*) Iron and Steel basic complex

(*ii*) Petro-Chemical industries

(*iii*) Fertiliser production

(*iv*) Petroleum products (especially for local distribution).

Other large and medium-scale industries will be run as mixed ventures, with Government and Private Indigenous participation at a minimum level of 35 per cent of their equities. Examples of such industries are :

(*i*) Plantation production of traditional cash crops and of basic raw materials for processing industry, such as wheat and sugar

(*ii*) Food industries

(*iii*) Forest product industries

(*iv*) Building materials and construction industries.

As a matter of general policy, the Government will encourage nation-wide equity participation in all manufacturing industries. Shares will be allocated to the Federal Government, the State in which a particular industry is located, other States and to Nigerian nationals willing to participate in industrial development.

(*g*) *Industrial Facilities.*—A new uniform industrial electricity tariff was introduced with effect from September 1969, to ensure that no part of the country suffers locational disadvantage from higher power costs. As time goes on, the national grid will be extended to more and more parts of the country. This might also help to encourage a wider dispersal of industries in the country.

One of the reasons that account for the low utilization of local raw materials in industrial processes is the low level of applied industrial research work going on in the country. Government will provide more financial and manpower resources in promoting industrial research, especially in adapting technology and local materials for industrial use. The Federal Institute of Industrial Research is already conducting series of research of industrial importance and is also looking into the profitable use of more local agricultural products.

In implementing the new industrial policy, the need to bring various interested groups into smooth and harmonious working relationship with Government bodies responsible for industrial matters cannot be over-emphasised. In order to ensure this, the Government will set up, during the Plan period, a permanent National Industrial Development Committee consisting of public-sector representatives. The Committee will meet at regular intervals to review projects and proposals for industrial development for the country as a whole. The Government is also vitally concerned about the role of the private sector in implementing the new policy. A new machinery will, therefore, be set up to ensure regular and adequate consultation with representatives of the private sector.

In furtherance of Government policy to increase rapidly the present level of indigenous ownership and participation in manufacturing, active support will be given to the promotion and development of small-scale industries. To this end, the Government will operate three Federal Industrial Development Centres located in different parts of the country. It will, in this regard take over the Centres at Zaria and Owerri, and establish a third one in the

Western State. Each will specialise in sectors closely related to the specialised industrial raw materials in its zone as well as the zone's priorities of small-scale industries. The management of the Centres will be the responsibility of the Federal Government assisted by an Advisory Committee.

The Centres will perform the following functions :

(*i*) technical appraisal of applications for loan,
(*ii*) provision of industrial extension services,
(*iii*) training of entrepreneurs and staff, and
(*iv*) applied research into industrial products, involving the design of products for small-scale industries and management training.

For the provision of technical support for projects which are supported by Government loans in order to ensure appropriate utilization of funds provided for assistance to small-scale industries, each State will also set up a small-scale Industries Credit Scheme or Fund to which the Federal Government will lend its support. The scheme will be operated by Technical Committees. Approved loans will be disbursed mainly by supplying machinery on hire-purchase terms.

4. Programmes and Projects

The Federal industrial programme is a bold attempt to ensure that the weaknesses of previous development programmes are removed, and the policies set out in earlier paragraphs implemented as best as possible. The Manufacturing sector still accounts for less than ten per cent of the Gross Domestic Product. One primary objective of the present industrial investment programme is the substantial raising of this percentage contribution to the national product.

The target of an average 6.6 per cent overall growth rate planned for the economy cannot really be achieved without substantial investment in the industrial sector, especially if the 15 per cent growth rate recorded for the sector in the recent past is to be sustained. It is the principal way to compensate for the relatively lower rate of growth in the value of increased agricultural production.

Specifically, the Federal Government, in conjunction with the State Governments, will ensure that certain industries, which are basic and of strategic importance to the economy, are effectively controlled by the public sector. To this end, provision is made in the programme to enable Government to take up a minimum of 55 per cent of the share capital in such industries. In other large-scale industries where technical partnership with overseas investors is desirable, Government reserves the right to take 35 per cent of the equity holdings. Provisions have been made accordingly in the Plan.

In previous years, the country lost enormous amount of foreign exchange in the payment of management fees. This type of arrangement has no place in the present Plan period. What will be fostered is a marriage of local and foreign talents where both sides will share equitably in the risks and fortunes of industrial development.

For the first time, the Government will go in a big way for investment in the Chemical Industries. These would include fertilizer (urea and ammonia), poly vynil chloride (P.V.C.). polyethylene and caustic soda. If Nigeria is to take giant strides in industrialisation in the years ahead, initial bold steps in establishing such complexes should not be postponed.

In the past, States (then Regions) conceived their programmes without recourse to, or consultation, with the Federal Government. The attempt at co-ordination that took place came only after each programme had been crystallised, not before. This inevitably resulted in the unnecessary duplication of projects. The public-sector programmes in the present Plan are, on the other hand, complementary rather than competitive. They have matured from a series of discussions between Federal and State authorities. Furthermore, in most projects of national interest, the Federal and State authorities will participate jointly in equity capital.

The total cost of the Federal industrial programme is about £235 million. As the Federal Government (in conjunction with State Governments) is entering into partnership with foreign investors in the execution of most of these projects, and as all investment funds will not be actually committed or disbursed during the Plan period, only about £41 million is provided as probable disbursement for 1970-74.

Highlights of the programmes and projects are further discussed below :

(a) *Loans to Industries in War-affected Areas.*—Initial surveys indicate that the replacement of equipment damaged in war action or through prolonged disuse, as well as working capital for rehabilitating large-scale industries in war affected areas will amount to about £30 million. About 60 such enterprises are involved. Many of these industries are controlled by private interests. Indications are that these interests can find the bulk of the funds required, provided that power and water services are restored and any legal and political difficulties about the proper successors to the former Eastern Region Government agencies are resolved.

There are, however, a number of industries controlled by public agencies which were always viable and which should be resuscitated as a matter of urgent national interest. Examples are the Nigerian Cement Company at Nkalagu, the Glass Factory in Port Harcourt, the Independence Breweries at Umuahia and the Asaba Textile Mills. Nkalagu alone would require about £1.3 million but in its very first year of rehabilitation it is expected to earn about £450,000 from the sale of existing stock of semi-finished products. As much as possible the money required will be raised from institutions like the Nigerian Industrial Development Bank. It will, in any case, be necessary for the Government to give a medium-term loan of five to seven years with a reasonable interest rate to enable deserving viable industries to restart. A total of £3.0 million has been provided for this purpose. In suitable cases, consideration may be given to capitalising such loans as the Federal Government's equity participation. In the case of the Aba Textile Mills, the Government will seriously consider taking over the 70 per cent shares now held by the U.S.A.I.D. as a result of guaranteed compensation the Agency paid to the former American partners.

(b) *Sugar Estates and Factories.*—The present consumption of sugar in the country is between 90,000 and 100,000 tons per annum, out of which only about one-quarter is met from local production. Within the Plan period the target is to increase local production of refined sugar from the current level of about 25,000 tons per annum to 150,000 tons per annum. This will involve the expansion of the Bacita Estate to at least 40,000 tons, and the establishment of two or three new estates and factories at suitable sites selected from the Lafiagi-Fadamas, Baro, Sokoto-Rima Valley, Numan and Anambra-Do areas. Investigations of other suitable areas are continuing.

Sugar consumption, which is currently at the level of about 100,000 tons, is the lowest per capita figure in Africa. It is, however, expected to rise rapidly. The expanded production is entirely for the local market and has a Government guaranteed price of £60 per ton. A total sum of £19.5 million is allocated for the sugar industries.

(c) *Palm Kernel Crushing.*—In furtherance of Government's policy to upgrade agricultural processing and thus add greater value to the country's raw materials, two additional 100,000-ton palm kernel crushing plants will be established during the Plan period. The plants will be located in traditional palm kernel-exporting areas. The estimated total cost of the plants is £2.8 million.

(*d*) *Wooden Furniture for Export.*—Two wooden furniture factories are projected. Local processing would enhance the contribution of the country's forest products to the national income. The project is estimated to cost £0.620 million.

(*e*) *Pulp and Paper.*—Nigeria already consumes more than 60,000 tons of paper per annum. With the growth in local manufacturing industries and the consequential demand for paper packaging materials, the expansion in literacy ratio and the rising standard of living, a very high rate of growth is forecast in the consumption of paper and paperboard. It is expected to exceed 120,000 tons by the end of 1974 and 220,000 tons by 1980. The only paper-making plant at present in the country (at Jebba) has a capacity of only 12,000 tons per annum. It has also been designed for the production of too many items to be really efficient.

Therefore, during the Plan period, an integrated pulp and paper mill will be established to produce 40,000 tons of kraft pulp and 70,000 tons of industrial papers. Its estimated cost is £9.9 million. The paper-making mill will be completed during the Plan period, and would depend at the initial stage on imported pulp. There is need for developing plantations in addition to the resources of suitable forest reserves for the production of pulp. Additional facilities (e.g. a de-inking plant) will also be installed at Jebba to increase utilisation of waste paper.

(*f*) *Fish Trawling and Distribution.*—Nigeria at present imports a considerable proportion of the fish consumed in the country. Only one-third of the demand is met from local sources. With this in mind, a Fish Trawling and Distribution project with an estimated capacity of 24,000 tons will be established during the Plan period, although the project is still essentially at the investigation level. The project's total cost is £3.915 million.

(*g*) *Combined Fish and Shrimp Trawling and Distribution.*—The Fish and Shrimp Trawling project also has the advantages of the Fish Trawling project. The project will have a fleet of trawlers and ancilliary equipment and vehicles. The project will be based in the Port Harcourt area, as the waters in the zone appear to have an abundant supply of shrimps. The estimated productive capacity of the project is 6,400 tons fish and 1,600 of shrimps. The project is estimated to cost £1.020 million.

(*h*) *Aid to Small-Scale Industries.*—The necessity and urgency of giving effective aid (especially assistance in kind) to indigenous small-scale industries have been emphasised and underscored in several parts of the Plan. In addition to loans which will be made available to financial institutions like the N.I.D.B. for on-lending, both the Federal and States Governments have made further provisions to supplement the lending operations. Appropriate Supervisory institutions are being worked out for their successful management. £0.600 is allocated for the project.

(*i*) *Chemical Complex.*—The Chemical Complex is another large industrial project to be started during the Plan period. Chemical industries are important in the process of rapid industrial transformation. Production will include caustic soda, poly vynil chloride and polyethylene. The project at a total cost of £14.098 million, is designed to broaden the industrial base of the economy and promote a better use of the country's mineral resources like natural gas, and petroleum. Here, Government will also go into technical partnership with overseas investors for the project ; and proposals for prospective sponsors are already being considered.

The proposed productive capacity of the Complex is as follows :

	Tons
Caustic Soda	10,902
PVC	15,000
Polyethylene	15,000

(*j*) *Nitrogenous Fertilizers.*—The main justification for the proposal to establish a plant for the manufacturing of Urea is the opportunity it offers for the utilisation of the country's natural gas, a substantial quantity of which is at present flared. The project, costing a total of £25.849 million, will consist of an Ammonia and Urea plant, where the Ammonia will be processed into Urea. The project will be undertaken in conjunction with some overseas investors. Since the industry will cater mainly for the export market, the plant will be located in one of the natural gas producing areas, with Warri and Port Harcourt as the likely candidates.

(*k*) *Liquefied Petroleum Gas.*—One of the major industrial projects in the Plan is Liquefied Petroleum Gas, whose capital requirements are estimated at £6.9 million. The project will be established in technical partnership with a group of foreign investors with whom negotiations have reached an advanced stage. The company will extract liquefied petroleum gas from associated gas produced by the oil companies along with crude petroleum in Nigeria. The L.P.G. produced will be sold in the world market.

(*l*) *Single Superphosphate.*—Agricultural products account for a major percentage of the Gross National Product. The export commodities earn considerable foreign exchange for the country and the production of food crops must be stepped up in order to keep pace with the growth of the population. Improvements on the present agricultural system are therefore imperative. One of the major improvements required to raise output per man-acre is the increase in the application of fertilisers to cultivation. Although current consumption of fertiliser in the country is small, there is enough potential demand to justify the establishment, duting the Plan period, of a plant to produce 100,000 tons of single superphosphate from imported phosphate rock and sulphur.

The Federal and State Governments have all recognised some of the problems inhibiting fertiliser consumption to the critical level of demand necessary to sustain the plant. They have embarked on major extension programmes, including a system of subsidy to bring the price of fertiliser within the range which most farmers can afford. Single super-phosphate is used primarily for the ground-nut crop. The projected growth rate for the fertiliser indicates that its demand would rise to approximately 96,000 tons per annum by 1973. Since most of the single super-phosphate is expected to be used for growing groundnuts in the Northern States and the total tonnage of raw materials is less than the total tonnage of product, the plant, with an estimated total cost of £1.190 million, be located close to the market.

(*m*) *Second Petroleum Refinery.*—A second Petroleum Refinery with a capacity of about 2.5 million metric tons will be constructed during the Plan period. It will sell some of its products in the local market and export the surplus. In designing the Refinery, attention will be given to its possible linkage with the projected development of a Petro-chemical industry. The total cost of the project is estimated at about £9 million. Government equity participation is reckoned at about £2.5 million. Production should commence towards the end of the Plan period.

(*n*) *Salt Refinery.*—Facilities will be established during the Plan period for refining about 150,000 tons of table salt per annum. Significant foreign exchange savings will be achieved through this local refining. It will be a public sector-controlled industry and a high level of returns is expected. Out of a total cost of £2.4 million, Government's equity participation is estimated at £0.462 million.

(*o*) *Iron and Steel.*—Based on the conclusions of market studies carried out in 1967 with UNIDO assistance and on other feasibility surveys, the completed capacity of the proposed integrated Iron and Steel mill will be 750,000 tons per annum. Technical investigations on old and newly discovered ore and coal deposits as well as designing of the project will be completed during the Plan period. Construction of the basic iron and steel making plant is expected to commence by the beginning of 1974. The estimated cost of the whole project by completion date is about £120 million.

Within the over-all programme of building an integrated Iron and Steel Complex, the construction of the rolling mill and other finishing workshops may be phased in, earlier during the Plan period, to supply needed intermediate products for projects in the metal working sector. This will be in accord with national industrial priorities of stimulating production of building construction materials, agricultural implements, metal tools, components for the motor assembly plants, construction of vehicle bodies, pipes, cables, wires, nails, etc.

(*p*) *Passenger Car Assembly*.—It is proposed to establish three car assembly plants with a total initial one-shift capacity of at least 18,000 vehicles per annum. Construction should commence early in 1971 and production towards the end of 1972. Detail tenders have been received. Total investment cost would be approximately £4.5 million, excluding capital outlay in the associated components industries which will be established or expanded during the Plan period. Government participation would, however, involve about £300,000 as disbursements during the Plan period.

(*q*) *Investment in other Industries*.—There are a number of proposals for new industries already submitted to the Federal Ministry of Industries by private interests desirous of joint participation with the Government or with private indigenous investors. These are being evaluated. They include projects to produce synthetic filaments and yarn going back to polymerisation and polycondensation stage, fishing nets, insulated cables, bicycles, printing ink, electrical fittings and pharmaceuticals. Other projects are assembly and partial manufacture of air-conditioners and refrigerators, melting scrap iron, re-rolling mills, ferrous and non-ferrous foundries, and alcohol and yeast.

Besides these, there are other projects which are likely to be ready for implementation during the Plan period. They will fill obvious needs and gaps ; and several are linked to existing and projected industries. Such projects include production of rubber items, glass windows, exhaust pipes, radiators, interior upholstery, springs, etc. for the motor vehicle assembly, bottles and household glassware, livestock feeds (maize, cassava and fish meal) plywood and veneers, chipboard, industrial yarns and surgical dressings from textile waste, spools and shuttles for textile industries, cutlery, and vegetable oil from groundnut, cotton seed and shea nut. Another good possibility is the production of carbon black which would be linked with the production of liquefied petroleum gas.

There are, besides, many other medium-scale industries which private initiative will bring forth. Moreover, the Government is actively soliciting large export-oriented gas utilisation projects.

The sum of £7.5 million has been provided to meet the cost of Government participation in some of these projects which may pass the viability test. Part of the allocation will be earmarked as Government's share in their preliminary development expenses.

(*r*) *Industrial Development Centres*.—In pursuance of Government's policy to increase rapidly the present level of indigenous ownership and participation in manufacturing industry, both the Federal and States Governments will actively support and promote the development of small-scale industries. One of the tools which the Governments will employ in the implementation of this policy is the Industrial Development Centre. Three such Centres will be located in different parts of the country. The Federal Government will take over and operate the existing Centres in Zaria and Owerri and establish a new one in the Western State. To avoid needless overlapping of functions, each of them will specialise in the activity sectors closely related to the raw materials available and the small-scale industry priorities of their areas of operation.

(*s*) *Federal Institute of Industrial Research*.—The primary function of the Federal Institute of Industrial Research is the development of local raw materials for use in industry as well as the transfer of industrial technology. One of the criticisms frequently levelled against the Institute is its apparent failure to make the results of its research known to industry. This has underscored the need for having an intermediate stage of development between research laboratory processes and commercial exploitation. In order to stimulate more Nigerian participation in the manufacturing sector, the Institute will, during the Plan period, build demonstration factories. It will provide accommodation block for Staff who will take charge of operational problems, relating to the publicity of the new industrial techniques and processes.

The present workshop is located in temporary buildings. The buildings are no longer suited for the needs of the Institute. A more functional workshop will be built, modified to provide office accommodation also for the Nigerian Standards Organisation.

The Institute will purchase equipment and machinery for processing and for supply of utility services (steam and electricity generation and distribution).

(*t*) *Industrial Development Consultancy Service.*—The Federal Ministry of Industries, in conjunction with the Nigerian Institute of Social and Economic Research will establish an Industrial Development Consultancy Service as a separate quasi-autonomous unit of NISER. It will be run by a Management Board which will recruit staff and offer them contract terms commensurate with their experience. Nigerians recruited will undergo intensive training in Industrial Consultancy both locally and abroad.

(*u*) *Standards Organisation.*—The proposal to set up a Nigerian Standards Organisation has been on for a fairly long time. During the Plan period, the Organisation will be established to:

(*i*) compile an inventory of products requiring standardisation,

(*ii*) compile Nigerian standards specifications,

(*iii*) foster interest in the recommendation and maintenance of acceptable standards by industry and the general public alike, and

(*iv*) make recommendations on methods of fixing and enforcing industrial and other standards.

(*v*) *States Programmes.*—The industrial programmes and projects of the State Governments are designed to complement those of the Federal Government. The projects were selected bearing in mind the vital necessity to preserve a single Nigerian market. In cases where transport considerations necessitate the duplication of viable plants (as in cement), there is multiplicity of plants in the States investment programmes.

Each State has earmarked a modest sum for the development of necessary infrastructure for small and medium-scale industries. This is in line with Government's policy of providing facilities to stimulate industrial activity and improve generally the investment climate. Specifically, a Small-scale Industries Credit Scheme for the granting of loans to small-scale businessmen features in virtually each State's programme. These loans, under the supervision of a Technical Committee to be appointed by each State Government, will generally be disbursed in kind (i.e. sums will be paid direct to suppliers for the purchase of industrial machinery, equipment, etc.). A matching sum of £600,000 is provided for the same purpose in the Federal programme.

The process of project identification and selection is a continuous one. It requires the systematic mounting of pre-investment surveys and feasibility studies to ensure the existence of bankable projects in the pipeline on a continuing basis. Each State has accordingly made some provision for the improvement of knowledge vital for industrial investment decision-making.

A large number of State projects are in the range of agro-allied industries. These include groundnut and cotton-seed crushing, textiles, leather tanning, integrated wood industry, palm kernel crushing and starch manufacture.

Some States have earmarked sums for investment in certain national basic industries like the Chemical Complex, Nitrogenous Fertiliser and Superphosphate. These projects are not listed in the State Programmes, but, shares will be made available to the State Governments in most of such national industrial projects listed in the Federal programme. All the States have planned to disburse a total investment of £45.252 million in Industries during the Plan period.

TABLE 5

FEDERAL CAPITAL EXPENDITURE ON INDUSTRIES, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Loans to Industries in War-Affected Areas	1.500	1.500	—	—	3.000
2. Sugar Estates and Factories (Including Extension)	0.120	1.000	1.500	1.500	4.120
3. Palm Kernel Crushing	0.039	0.250	0.250	—	0.539
4. Wooden Furniture for Export ..	0.020	0.300	0.300	—	0.620
5. Pulp and Paper	—	0.250	1.000	1.250	2.500
6. Fish Trawling and Distribution ..	0.017	0.340	0.330	—	0.687
7. Combined Fish and Shrimp Trawling and Distribution	0.006	0.100	0.090	—	0.196
8. Aid to Small-Scale Industries	0.150	0.150	0.150	0.150	0.600
9. Chemical Complex	0.014	1.350	1.350	—	2.714
10. Nitrogenous Fertilizer	0.076	2.450	2.450	—	4.976
11. Liquefied Petroleum Gas	0.269	0.700	0.300	—	1.269
12. Single Superphosphate	0.029	0.150	0.050	—	0.229
13. Second Petroleum Refinery	0.500	1.000	1.000	—	2.500
14. Salt Refinery	0.062	0.350	0.050	—	0.462
15. Iron and Steel	0.500	2.000	2.000	2.500	7.000
16. Passenger Car Assembly	0.170	0.200	—	—	0.370
17. Investment in other Industries ..	1.500	2.000	2.000	2.000	7.500
18. Industrial Development Centres ..	0.195	0.085	0.030	0.090	0.400
19. Federal Institute of Industrial Research	0.030	0.160	0.100	—	0.290
20. Industrial Development Consultancy Service..	0.075	0.075	0.075	0.075	0.300
21. Industrial Training Fund	0.125	0.125	0.125	0.125	0.500
22. Standards Organisation	0.005	0.020	0.020	—	0.045
TOTAL	5.402	14.555	13.170	7.690	40.817

TABLE 6

State Capital Expenditure on Industries 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
Benue Plateau					
1. Industrial Estates	—	0.050	0.100	0.050	0.200
2. Investment in New Industries ..	0.300	0.400	0.400	0.400	1.500
3. Tourism	0.030	0.040	0.040	0.040	0.150
4. Pre-Investment Studies	—	0.030	0.040	0.030	0.100
Total..	0.330	0.520	0.580	0.520	1.950
East-Central					
1. Rehabilitation of Existing Industries	1.120	1.000	—	—	2.120
2. Investment in New Industries ..	0.300	0.400	0.700	0.550	1.950
3. Small Industries Loan Schemes ..	0.100	0.100	0.050	0.050	0.300
4. Trade Development	0.050	0.050	0.050	0.030	0.180
5. Loans to Marketing Board	1.000	—	—	—	1.000
6. Assistance to Co-operative Societies ..	0.025	0.025	0.025	0.025	0.100
Total	2.595	1.575	0.825	0.655	5.650
Kano					
1. Kano Investment Company Limited	0.500	0.500	0.500	0.500	2.000
2. Small-Scale Industries Loan Scheme	0.045	0.045	0.045	0.045	0.180
3. Investment in New Industries ..	0.120	0.400	0.400	0.400	1.320
Total	0.665	0.945	0.945	0.945	3.500
Kwara					
1. Pre-investment Surveys and Studies ..	0.015	0.020	0.015	—	0.050
2. Small-Scale Industries	0.025	0.025	0.025	0.025	0.100
3. Industrial Layouts	0.025	0.025	0.025	0.025	0.100
4. Oro Bicycle Industry	0.030	—	—	—	0.030
5. Tourism and Hotel Development ..	0.020	0.040	0.040	—	0.100
6. Silk Factory	—	0.030	0.050	0.062	0.142
7. Textile Factory	—	0.030	0.030	0.040	0.100
8. Yarn Mill	0.015	0.035	—	—	0.050
9. Cement Works	—	—	0.150	0.300	0.450
10. Coffee Processing	—	—	0.010	0.010	0.020
11. Mosquito Net	0.002	0.003	0.002	—	0.007
12. Plywood Industry	—	—	—	0.007	0.007
13. Investment in New Industries ..	0.180	0.290	0.290	0.240	1.000
Total..	0.312	0.498	0.637	0.709	2.156

TABLE 6—*continued*

STATE CAPITAL EXPENDITURE ON INDUSTRIES
1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
LAGOS					
1. Tomato Plantation and Processing ..	—	0.100	0.060	0.040	0.200
2. Tourism and Hotel Development ..	—	0.100	0.300	0.200	0.600
3. Small-Scale Industries	—	0.030	0.030	0.040	0.100
4. Pottery and Ceramic Tiles	—	0.050	0.050	0.050	0.150
5. Industrial Estates	—	0.100	0.100	0.200	0.400
6. Pre-investment Studies	0.100	0.100	—	—	0.200
7. Starch Industry	—	0.030	0.030	—	0.060
8. Investment in New Industries ..	—	0.200	0.200	0.350	0.750
TOTAL..	0.100	0.710	0.770	0.880	2.460
MID-WEST					
1. Rehabilitation of Cement, Glass and Textile Plants	1.500	0.500	—	—	2.000
2. Multi-Purpose Industries Scheme ..	—	0.060	0.060	0.060	0.180
3. Palm Kernel Crushing	—	—	0.101	0.102	0.203
4. Small-Scale Industries	0.100	0.100	0.100	0.100	0.400
5. Bendel Insurance Company	0.005	—	—	—	0.005
6. Bendel Construction and Steel Structure	0.100	—	—	—	0.100
7. Mid-West Bank	0.100	0.150	0.150	0.100	0.500
8. Joint Enterprises	0.025	0.025	0.025	0.025	0.100
9. Loans to Statutory Bodies	0.100	0.100	0.100	0.100	0.400
10. Industrial Layouts	0.075	0.150	0.150	—	0.375
11. Investment in New Industries ..	0.250	0.250	0.250	0.250	1.000
12. Co-operatives Secretariat	0.050	0.050	—	—	0.100
TOTAL..	2.305	1.385	0.936	0.737	5.363
NORTH-CENTRAL					
1. Industrial Estates					
(*a*) Kaduna South	0.018	0.046	0.019	0.020	0.103
(*b*) Kaduna North	0.024	0.069	0.023	0.021	0.137
(*c*) Funtua	0.018	0.048	0.016	—	0.082
(*d*) Katsina	0.064	0.024	0.017	—	0.105
(*e*) Zaria	0.065	0.025	0.034	0.035	0.159
(*f*) Kafanchan	0.041	0.019	0.022	—	0.082
2. Investment in New Industries ..	0.500	0.200	0.300	0.900	1.900
TOTAL..	0.730	0.431	0.431	0.976	2.568

TABLE 6—*continued*

STATE CAPITAL EXPENDITURE ON INDUSTRIES
1970-74

Project	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-EASTERN					
1. Ashaka Cement Factory	0.010	0.040	0.050	0.020	0.120
2. Gombe Textile Mill	0.100	0.300	0.300	0.300	1.000
3. Gombe Oilseed (Cotton) Processing Plant	0.050	0.200	0.200	0.050	0.500
4. Lake Chad Fish Processing Industry	0.010	0.045	0.045	—	0.100
5. Groundnut Oil Crushing Industry	0.100	0.250	0.250	—	0.600
6. Mambilla Dairy Industry	0.100	0.300	0.350	0.050	0.800
7. Maiduguri Hotel	0.011	0.130	0.130	—	0.271
8. Small-Scale Industries Scheme	0.010	0.010	0.010	0.010	0.040
9. Pre-investment Studies	0.025	0.025	0.025	0.025	0.100
10. Tannery	0.100	0.100	0.100	0.200	0.500
TOTAL	0.516	1.400	1.460	0.655	4.031
NORTH-WESTERN					
1. Oilseed Processing, Gusau	0.108	0.100	0.002	0.001	0.211
2. Sokoto Tannery	0.120	0.001	0.001	0.001	0.123
3. Rice Milling	0.005	—	—	—	0.005
4. Tomato Canning	0.020	0.375	0.001	0.002	0.398
5. Abuja Pottery Expansion	0.020	0.012	—	—	0.032
6. Fish Canning	—	0.075	—	—	0.075
7. Pottery Out-Station Units	—	0.031	0.001	0.001	0.033
8. Small Industries Loan Scheme	0.050	0.050	0.050	0.050	0.200
9. Industrial Estates	0.025	0.025	0.025	0.025	0.100
10. Pre-Investment Studies	0.050	0.050	0.025	0.025	0.150
11. Investment in New Industries	0.150	0.250	0.250	0.350	1.000
12. Industrial Co-operatives	—	0.050	0.050	0.100	0.200
TOTAL	0.548	1.019	0.405	0.555	2.527
RIVERS					
1. Rehabilitation of existing Industries	0.370	0.360	0.150	0.150	1.030
2. Wooden Furniture for Export	0.007	0.010	0.010	—	0.027
3. Fish Nets and Fishing Equipment	0.100	0.100	0.050	—	0.250
4. Distillery (Hot Drinks)	0.050	0.050	—	—	0.100
5. Small Industries Loan Scheme	0.025	0.025	0.025	0.025	0.100
6. Loans and Grants to Statutory Corporations	0.125	0.125	0.125	0.125	0.500
7. Cassava Starch Factory and Integrated Plantation	0.016	0.025	0.025	—	0.066
8. Industrial Estates	0.100	0.100	0.100	0.100	0.400
9. Bicycle Manufacture	0.050	0.100	0.100	0.100	0.350
10. Pre-investment Studies	0.025	0.025	0.025	0.025	0.100
11. Co-operative Societies Loans and Grants	0.022	0.028	0.028	0.032	0.110
12. Investment in Pilot and Federal Projects	0.100	0.300	0.300	0.300	1.000
TOTAL	0.990	1.248	0.938	0.857	4.033

TABLE 6—*continued*

STATE CAPITAL EXPENDITURE ON INDUSTRIES

1970-74

Project	1970-71	1971-72	1972-73	1973-74	*Total*
SOUTH-EASTERN					
1. Cocoa Wine Pilot Scheme	0.010	0.019	—	—	0.029
2. Small-Scale Industrial Loan Scheme ..	0.020	0.030	0.075	0.075	0.200
3. Pottery and Ceramic Pilot Scheme ..	0.005	0.008	0.007	—	0.020
4. Co-operative Fishery Scheme ..	0.100	0.050	—	—	0.150
5. Hotels and Catering	0.900	0.650	—	—	1.550
6. Investment in New Industry	0.050	0.150	0.150	0.150	0.500
7. Industrial Estate	—	0.100	0.200	0.200	0.500
8. Gari Pilot Scheme	—	—	0.030	0.030	0.060
TOTAL..	1.085	1.007	0.462	0.455	3.009
WESTERN					
1. Small-Scale Enterprises Development	0.100	0.100	0.100	0.100	0.400
2. Matching Grant for Self-Help Schemes	0.100	0.100	0.100	0.100	0.400
3. Rural Integrated Development.. ..	0.100	0.100	0.100	0.100	0.400
4. Co-operative Movement (including Arts and Crafts)	0.051	0.050	0.050	0.050	0.201
5. Tourism	0.025	0.025	0.025	0.025	0.100
6. Rehabilitation of N.I.F.I.I.N.C.O. ..	0.350	0.350	—	—	0.700
7. Second Wood Industry	0.180	0.180	0.090	—	0.450
8. Blanket Towel Industry	0.010	0.010	—	—	0.020
9. Bicycle	0.130	0.070	—	—	0.200
10. Soap Detergents..	—	0.100	0.050	—	0.150
11. Cement	—	0.140	0.140	0.070	0.350
12. Hygienic Cotton Wool and Bandages ..	0.050	0.050	—	—	0.100
13. Glass Bottle	0.150	0.050	—	—	0.200
14. Ceramic	0.080	0.160	0.160	—	0.400
15. Starch	—	0.060	0.120	0.120	0.300
16. Inland Fishery	0.100	0.100	0.100	0.100	0.400
17. Cotton Grinnery	—	0.024	0.048	0.048	0.120
18. Tomato Puree Plantation	—	0.050	0.050	0.050	0.150
19. Pulp Paper Project	—	—	0.150	0.150	0.300
20. Electric Wire and Cable	—	—	0.075	0.075	0.150
21. Bottle Project (WNDC)	0.150	0.100	0.025	0.025	0.300
22. Askar of Nigeria Limited (W.N.D.C.)..	0.020	0.020	0.020	0.010	0.070
23. Vegetable Oils (Nigeria Ltd.) (WNDC)	0.250	0.150	0.050	0.050	0.500
24. Lafia Hotel (WNDC)	0.007	0.015	0.015	—	0.037
25. Nigerian Water Resources Development Ltd.	0.027	0.015	0.010	0.005	0.057
26. Abbatoir Company (WNDC)	0.030	0.010	0.010	—	0.050
27. Livestock Feedmill (WNDC)	0.050	0.025	0.025	—	0.100
28. Small Industries Development Bank (WNDC)	0.020	0.020	0.030	0.030	0.100
29. Nigerian Shoe and Rubber Products Co.	0.280	0.150	0.100	0.050	0.580
30. Pepsi-Cola Project	0.015	0.015	0.015	—	0.045
31. Nigersol Construction Company Limited	0.075	0.050	0.025	0.025	0.175
32. Industrial Estate	0.100	0.100	0.100	0.200	0.500
TOTAL..	2.450	2.389	1.783	1.383	8.005

TABLE 7

TOTAL PUBLIC SECTOR CAPITAL EXPENDITURE ON INDUSTRIES 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
Federal	5.402	14.555	13.170	7.690	40.817
Benue-Plateau	0.330	0.520	0.580	0.520	1.950
East-Central	2.595	1.575	0.825	0.655	5.650
Kano	0.665	0.945	0.945	0.945	3.500
Kwara	0.312	0.498	0.637	0.709	2.156
Lagos	0.100	0.710	0.770	0.880	2.460
Mid-Western	2.305	1.385	0.936	0.737	5.363
North-Central	0.730	0.431	0.431	0.976	2.568
North-Eastern	0.516	1.400	1.460	0.655	4.031
North-Western	0.548	1.019	0.405	0.555	2.527
Rivers	0.990	1.248	0.938	0.857	4.033
South-Eastern	1.085	1.007	0.462	0.455	3.009
Western	2.450	2.389	1.783	1.383	8.005
TOTAL, STATES	12.626	13.127	10.172	9.327	45.252
TOTAL, ALL GOVERNMENTS	18.028	27.682	23.342	17.017	86.069

CHAPTER 17

FUEL AND POWER

The energy sector has come to play a very strategic role in the country's economic development. It provides inputs for manufacturing and service industries, contributes fuel to service the transportation system and has generally raised the quality of living of both urban and rural population. Its strategic role is borne out by the fact that when bottle-necks develop in the sector (as when there is electricity power failure or load-shedding or when there was dislocation in the refining of crude oil during the civil war), they are promptly manifested in reduced output of goods and services, increased production costs, supply shortages and rising prices. With the increase in the tempo of economic activities expected after the end of the war, fuel and power (especially electricity and petroleum) will play a still more vital role in the nation's development process.

1. Development in Different Sub-Sectors

(*a*) *Electricity*.—Electricity consumption has been growing rapidly since 1960. In 1959-60, total maximum demand generated was 73.2 MW. Two years later in 1961-62, it had risen to 110.8 MW. It rose further to 195.2 MW in 1965-66. Because of the civil war which affected electricity generation and consumption in the Eastern States, and because the necessary statistical data were not available from those areas, the maximum power generated in 1967-68 showed a decline to 170.1 MW. It, however, picked up fairly well in 1968-69 to 188.8 MW.

The generation of electricity prior to December, 1968, was more or less the monopoly of the Electricity Corporation of Nigeria, which, in 1951, took over these functions from the Federal Public Works Department and some Native Authorities. The only other producer of electricity was the Nigerian Electricity Supply Corporation, which since the mid-twenties has generated electricity from its hydro-electric power plants in the Jos Area. This, however, has been insignificant in output level and is only of local importance, meant principally to supply the requirements of the Jos tin mines. Therefore, the total installed capacity of the E.C.N. was about synonymous with the national total. Thus, at the close of 1956-57, the total installed capacity of electricity generation in the country was 85 MW. In 1961-62, this had risen to 184 MW; and by 1965-66 to 307 MW. The commissioning of the Kainji Dam in December 1968 has, however, about doubled the total installed generating capacity of the country. The installation of four of the proposed twelve 80 MW generating units added a further 320 MW, bringing the total in 1968-69 to 647 MW.

There is thus, even allowing for the temporary slump in electricity consumption during the war, large excess generating capacity in Nigeria, accounted for mainly by the Kainji Dam. A major problem now is how to utilize this growing excess capacity. In the next decade up to 1978-79, power load growth is projected to be at the rate of between 10 per cent to 13 per cent per annum, with maximum demand generated rising from 188 MW in 1968-69 to 640 MW in 1978-79. A less conservative projection puts the maximum demand by 1978-79 at about 720 MW. To accommodate this load growth, further investments in transmission lines, transformers, substations, etc. will be necessary.

The main problems in utilizing effectively installed generating capacity have been the frequent break-down in generating units, transmission lines and dearth of maintenance personnel. In addition, some of the undertakings and equipment are of some unique prototypes, the maintenance of which the E.C.N. staff were not readily familiar with.

The distribution and transmission of electricity before December 1968 was also the monopoly of the E.C.N., which distributed electricity to consumers mainly through the various 330 kv and 132 kv transmission lines owned and operated by it. However, the Niger

Dams Authority, which is responsible for the Kainji Dam, commissioned, during 1968 and 1969, the Kainji-Jebba-Oshogbo-Lagos and Jebba-Kaduna 330 kv transmission lines and supplied electricity from Kainji into the network of the Electricity Corporation. The Authority has as well other 330 kv transmission lines: Oshogbo-Benin and Benin-Onitsha. With these, power generated in Kainji will be fed into a national grid supplying electricity to much of Nigeria.

With the commissioning of the Kainji Dam, which is the first and most important part of the proposed integrated scheme of dams on the River Niger, the whole energy production calculations have been radically affected, as have also been the distribution and pricing systems. A new relationship between the now two producers of electricity—the Electricity Corporation of Nigeria and the Niger Dams Authority—has developed. The E.C.N., instead of being just the main seller of electricity, is also now the main buyer—from the N.D.A.

During the 1962-68 National Development Plan, total capital expenditure planned was £98.1 million split between the Electricity Corporation of Nigeria (£30.0 million) and the Niger Dams Authority for the Kainji Dam (£68.1 million). The Plan target was more or less achieved both financially and physically; indeed about the only section of the economic sector with fairly full financial and physical fulfilments. Total actual capital expenditure during the 1962-68 six-year period was £94.7 million split between the E.C.N. (£41.8 million) and the Niger Dams Authority (£52.9 million). A financial achievement rate of 97 per cent was thus realised for the Electricity Sector. In the 'interregnum' between 1968 and 1970, further capital expenditure on the dam has been incurred: total capital expenditure on the dam had gone up to £69.8 million by 31st March, 1969, by which time also the revised estimated cost of the project was about £88 million. Physically, at the close of the 1962-68 Development Plan, the main works on the Kainji Dam had been completed with the installation of four 80 MW generating units, and in December, 1968, power was fed from Kainji for the first time into the E.C.N. power system. These four units have greatly increased the electricity generating capacity and output of the country. Apart from the hydro-electric aspects of the Dam, a system of locks has been provided to enable barges and boats to by-pass the Dam, thus greatly improving navigation on the Niger.

The E.C.N's capital expenditure of £41.8 million for the six-year period was on the development and extension of power stations and substations at Ijora 'A' and 'C' power stations, Ibadan power station, Afam and Ughelli gas stations, Kaduna 'A' and 'C' and Kano power stations. In addition, there was construction of various 132 kv transmission lines including the Ughelli-Benin, Lagos-Benin, Benin-Onitsha, Onitsha-Aba, Onitsha-Oji and Kaduna-Kano transmission lines.

(*b*) *Petroleum and Gas.*—By March 1970, Nigeria had become the second largest oil producer in Africa and the tenth in the world. Crude oil production rose from 2.3 million barrels in 1958, when the first oil well struck by the Shell-BP started production, to 152.4 million barrels in 1966. Production went down to 116.5 million barrels in 1967 as a result of the war, and further to 51.7 million barrels in 1968. As fighting moved away from the oil producing areas production rose substantially, and by the end of 1969 it was already approaching its pre-war level.

Prior to 1965, all the crude oil produced in the country was exported. That year, however, the oil refinery at Port Harcourt was completed and part of the crude oil was retained for local processing. The refinery, with a capacity of 38,000 barrels a day was established primarily to meet Nigeria's domestic requirements for refined petroleum products. The impact of the local processing of oil on imports of petroleum products was direct and decisive. In 1964, the import of petroleum products totalled £18.5 million. In 1966, it fell to £3.8 million in view of local production. However, in 1968, because of the stoppage of refining as a result of the war, the import of petroleum products rose again to £14.6 million.

Crude oil export rose from £4.2 million in 1960 to £68.1 million in 1965 and £92.0 million in 1966. It fell with the crisis to about £71.1 million and £38.8 million in 1967 and 1968 respectively. In 1969, exports picked up again to £150.5 million.

Closely associated with crude oil production is the production of natural gas, which has contributed to the development of electricity production in Nigeria. The power stations at Afam and Ughelli utilize principally gas to generate electricity. Prior to the commissioning of the Kainji Dam, gas was the cheapest fuel source for power generation by the E.C.N.

The only direct Government involvement in petroleum was its share of the capital cost of the £10.6 million refinery at Alese Eleme in Port Harcourt, which went into production in September, 1965. The refinery is jointly owned by the Nigerian Governments and the Shell-BP Petroleum Development Company, and is run by the Nigerian Petroleum refinery Company.

(c) *Coal.*—Coal, which had played a significant role in the development of the economic infrastructure (especially railway and electricity), is now an ailing industry. It is suffering mainly from demand deficiency. The principal users of coal—the Nigerian Railway Corporation and the Electricity Corporation of Nigeria—are fast switching to better and cheaper fuel sources. Coal production reached its peak in 1958 with an output of 925,000 tons. It declined to 630,126 tons in 1966 and to 94,563 tons in 1967 with the crisis. In 1968, there was no production at all. The major problem now is to find new export outlets and industrial uses for coal.

Total planned capital expenditure on coal for 1962-68 was £500,000 to assist research into new industrial uses for Nigerian coal; and, should demand prospects improve, also prepare the opening of new mines. This did not materialise and total actual expenditure for this purpose was only £80,000 during the plan period.

2. Policy Issues

The main policy question is how best the fuel and energy sector will contribute to the achievement of the overall Plan objectives. In general, Government policy will be directed towards providing cheaper fuel and power for industries and transportation, and for domestic heating and lighting.

(a) *Electricity.*—Electricity is a strategic economic sub-sector in the sense that what happens there has great bearings on the whole economy. Electricity has not only been a source of energy for use in industrial establishments and in households; it has itself also been an important consumer of fuel and energy like coal, petroleum fuel oil, natural gas and diesel oil for generating electricity. It thus has both forward and backward linkage effects on other sectors of the economy. Government policy in this sub-sector will be directed towards providing cheaper electricity and rationalising production in the electricity industry.

The new relationship in the power sector (i.e. between the E.C.N. and the N.D.A.) whereby two bodies own separately power plants and transmission lines and only one of them markets electricity, has created problems in the industry, such as overlapping of duties and functions, duplication of assets, administrative bottlenecks and waste. Moreover, since the N.D.A. was to sell electricity bulk to the E.C.N., the tariff structure of power sales by the N.D.A. was bound to create problems. Finally, it has become clear to the Federal Government that two separate independent bodies like the E.C.N. and the N.D.A. could stand in the way of a proper synchronisation and co-ordination of policies in the power sector.

The Government has, therefore, decided to merge the E.C.N. and the N.D.A. into a single body for the generation, distribution and marketing of electricity. A consulting group has been appointed to look into the technical details of the merger with the following terms of reference:

"(*a*) review the Electricity Power Industry in Nigeria;

(*b*) recommend the steps and programme of action required for merging E.C.N. and N.D.A. into a new corporation with one management within a period to be specified;

(*c*) propose the organisational structure for the new corporation bearing in mind the need for efficiency and streamlined operations at minimum cost;

(*d*) review the indegenous expertise available in the industry and make recommendations on the qualifications of, and recruitment procedures for the key personnel, and the training/re-training required by the personnel of both E.C.N. and N.D.A. to fit them for service with the new corporation;

(*e*) without prejudice to the foregoing, the experts/consultants should submit within three months, interim recommendations for the harmonisation and effective co-ordination of the activities of E.C.N. and N.D.A. pending their liquidation."

To put this Government objective into immediate effect, both the E.C.N. and N.D.A. have been made responsible to the Government through the Ministry of Mines and Power in place of the former arrangement whereby the E.C.N. operated through the Ministry of Mines and Power and the N.D.A. through the Cabinet Office. The membership of the Boards of E.C.N. and N.D.A. has been made to interlock, with the management of one corporation sitting on the board of the other. The new organisation will still be a statutory corporation responsible to the Federal Government through the Commissioner or Minister responsible for electricity affairs.

One major Government objective during the current Plan period, will be the effective utilization of the large installed generating capacity both at Kainji and in E.C.N.'s undertakings in order to reduce costs per unit of power generated. Since installed generating capacity is already considerable, emphasis will be on marginal investment that will permit greater utilization of existing facilities. This, for example, will be effected through the extension of power to towns and villages accessible to the national grid. Where economically and politically feasible, export of electricity from Kainji to neighbouring countries will also be promoted.

As much as possible, Government intends that the whole of Nigeria should be supplied power from the Kainji system. However, the further away from Kainji are the consumption points the higher is the investment in transmission lines. This is especially the case for the north-eastern parts of the country. In such a situation where the use of Kainji power becomes economically inadvisable, other power sources with greater locational advantage will be explored in terms of isolated diesel, gas, thermal stations or other hydro-power generation. Since hydro-power has been found to be very cheap compared with other energy sources, another hydro-power system based on a dam on the Gongola River is being planned to meet the requirements of the central and north-eastern areas of the country.

The E.C.N. has always had complete control over the pricing of electricity, which has been governed mainly by the cost of generating and distributing electricity to consumers. Since the cost of generating electricity differs depending on the type of fuel or energy used (whether fuel oil, diesel oil, coal or natural gas), and since the cost of distributing electricity per k.w.h. sold also differs depending on the type of consumer (whether industrial, commercial, residential, or for street lighting), it is clear that electricity tariffs would in principle differ from one part of the market to another. Now that it is envisaged that the E.C.N. will be supplied electricity mainly from the Kainji Dam, the differentials in the price of electricity throughout the country are being reduced.

The new tariffs announced by the E.C.N. reflect this new price relationship. Industrial and commercial consumers now pay the same price throughout the country. For residential consumers, the country is divided into Area I (covering Lagos, Jos, Enugu and Port Harcourt undertakings) and Area II (covering all other undertakings). Area II tariffs are higher than those for Area I. The new tariff reduces power costs of the big consumers like industrial and commercial establishments, and encourages larger consumption of electricity.

The Government is also concerned about organising the electricity industry on more efficient lines. The E.C.N. is, like the N.D.A., a public corporation, a semi-autonomous body responsible to the Federal Government through the Ministry of Mines and Power. To carry out its recurrent and capital expenditure, it has depended to a large extent on foreign loans and on Federal Government loans and grants. It has been recognised that though the E.C.N. is supposed to operate like a private commercial enterprise with profit in view, it has been bogged down with red-tape and conservatism, lack of incentives and too comfortable a sense of security on the part of some of its personnel. The E.C.N. has often been accused of regarding supply of electricity as a privilege rather than an obligation for money paid. Thus, prospective consumers have to wait months on end to have electricity facilities. Frequent power cuts reduce electricity consumption and sales. Administrative costs can easily be reduced by more efficient meter reading, bill-preparation and collection system, and by a better deployment of staff.

It is now necessary that the personal prospects of those who run the electricity industry be identified with the fortunes of the industry. It is hoped that this will ensure that the industry is efficiently run. The financial structure of the Corporation would also have to be changed, as it cannot continue to depend indefinitely on funds external to it. In future, it will be required to rely more on internally generated resources.

For the current Plan period, there are five main policy objectives for the electricity industry:

(*i*) rehabilitation of power supplies in the war-damaged areas in order to re-activate economic activities in these areas;

(*ii*) firming up existing supplies to reduce frequency of power failure and load shedding, with the resultant dislocation of industrial production;

(*iii*) extension and improvement of power supplies in existing industrial areas of Lagos, Ibadan, Port Harcourt, Kaduna and Kano, and to new areas of industrial location and growth;

(*iv*) supply of power to major administrative and population centres where there is no electricity and;

(*v*) electrification of the rural areas.

(*b*) *Petroleum and Gas*—The petroleum industry looms very large in the Nigerian economy. The activities of the oil prospecting and producing companies are, however, so shrouded in secrecy that discussion of this important sector has always been in terms of generalities. The industry is entirely private, except for Government's partial interest in the refining branch. Any meaningful Government policy regarding the petroleum industry has, therefore, not been possible beyond broad guidelines with respect to (*i*) production, distribution and pricing of crude and refined petroleum products, (*ii*) government revenues from the industry and (*iii*) recruitment of Nigerians into the industry.

Production, distribution and pricing of crude petroleum and gas (as a by-product) are decided basically by only a few of the nine foreign-owned companies in the industry. The largest of them is the Shell-BP Petroleum Development Company. Up to October 1965, when the processing of Nigeria's crude oil commenced at the refinery at Alese Eleme, all of Nigeria's crude oil output was exported. To market the crude oil abroad required an efficient and modern transportation system to evacuation points. This was done by movement through pipelines from the various production points to export points at Bonny and Escravos. Crude oil pipelines were, therefore, up to 1965, directed towards meeting export needs. After 1965, they started serving the crude oil requirements of the refinery at Port Harcourt as well. Gas pipelines, on the other hand, serve only the limited domestic requirements of the electricity plants of the E.C.N. in Afam and Port Harcourt and industries in the Port Harcourt areas. Since there has not been export of gas, the bulk of the gas produced has in fact been flared.

The commissioning of the refinery in October 1965 made the country self-sufficient in most of the refined petroleum products which, up to that date, were imported. Surpluses to the country's requirements were exported to neighbouring countries like Niger, Dahomey, Togo and Chad. As a result, however, of the disruptions of the civil war, the refinery stopped operations and the country reverted to importing all its requirements until mid-1970. Installations in the plant which were badly damaged have been fully rehabilitated and the refinery is now back in production. By late 1972, additional refining capacity will be required as the country's demand will have out-grown the maximum production possible from the Port Harcourt refinery.

The price of crude oil for export is "posted" mainly on its quality specifications. Crude oil supplied to the refinery is priced in a similar manner, except for certain unincurred costs. For example, harbour dues are not paid on crude oil supplied to the refinery, and because the distance from the wells to the refinery are shorter than to Bonny, handling and transportation charges are correspondingly reduced. As a result, the cost of crude oil supplied to the refinery ranges from £5.46 to £4.34 per barrel. The export price for the same qualities of exported crude oil ranges from £5.91 to £4.79 per barrel f.o.b. Bonny.

Up to 1967, the power to fix prices of petroleum products was left to the discretion of the marketing companies. Since 1967, however, the power to do this has been vested in the Commissioner for Mines and Power. By the exercise of this power, Government has ensured that unjustified increases in prices are not made. In the meantime, a study is being undertaken of the entire price structure in a final effort to fix retail prices of petroleum products at equitable and low levels. This will be one of the active pursuits by Government during the current Plan period. The Government will also review the vexed question of country-wide uniform prices for petroleum products, bearing in mind that the differential in transport costs is an important element in the price structure and a vital factor in the availability of petroleum products in all parts of the country.

The existing arrangement for refining crude oil is that the marketing companies in Nigeria buy crude oil from the oil producing companies for delivery at the refinery where it is processed for a fee. This processing fee arrangement does not permit the refinery to play a dynamic role in the oil industry. It is completely screened from the market, and therefore does not respond and react to market forces as readily as it would have done were it to own both crude oil and refined petroleum products. Thus, it serves only the needs of the marketing companies which are mainly interested in selling as much as they can in satisfying the existing market demands only. A refinery company that owns both crude and refined petroleum products should also be interested in petroleum market research and in finding and promoting new uses of refined petroleum products. Future refineries in the country would, therefore, operate either on the basis of ownership of crude and refined petroleum products or as an integrated part of an oil company's activity, say, from mining to refining.

So far, the Government has not played a very active part in the oil industry. In view of the strategic role oil is going to play in the nation's economy, a more direct Government involvement is now more than necessary. For the sake of national security, rational investment decisions and managerial opportunities to enable Nigerians take effective control of the oil industry eventually, it has become mandatory that Government should be directly involved in the oil industry.

To this end, during the Plan period, Government will participate in the three phases of the oil industry, viz : exploration and mining, refining, and distribution and marketing. A National Oil Corporation together with associated public-owned companies will be established for this purpose. Details of the organisation, management and control of the new set-up are being worked out.

The second refinery project discussed under Chapter 16, Industry, will be established within this complex. Beyond the establishment of the refinery, the next phase in Government direct involvement will be the Nigerianisation of the distribution and marketing of petroleum products. In addition, the exploration and production of crude petroleum can no longer be left in the exclusive hands of international combines and expatriate enterprises. Government will therefore participate in oil exploration and mining as soon as practicable.

To cope with the expanded Government interest in the oil industry, the newly established Department of Petroleum Resources is being properly staffed and suitably organised. The new Petroleum Board, established in the same context, will consider all policy matters affecting the Petroleum industry and advise Government through the Commissioner or Minister responsible for petroleum affairs.

Much of the gas produced in Nigeria has always been flared. Only a small proportion of it has been used by the E.C.N. in generating electricity at the Afam and Ughelli power stations and by industries in the Port Harcourt area. Government policy with regard to gas is to increase, as far as feasible, the consumption of gas in various isolated power stations. This may involve either constructing gas pipelines from production to consumption areas or liquefying the gas for easy transportation, especially for export.

(c) *Coal.*—Consistent with the policy of productive utilization of economic resources, substantial new capital investment in the coal industry cannot be justified in view of the demand situation. Market forces have worked against the industry and would probably do so with increasing severity subject to technological developments in this field. The only possible big consumer of coal in Nigeria within the Plan period, is the proposed steel mill. The possibilities of other industrial uses of coal will, of course, continue to be explored. Specifically, such uses could be for the manufacture of coal tar, fertilizers and synthetics. But even in this regard, there is likely to be fierce competition from petroleum.

The Government will continue to explore to the fullest, the prospects of exporting Nigerian coal. In this regard it is already promoting and acting upon recent enquiries from several countries in the Western and Eastern blocs on the possibility of exporting Nigerian coal, and of establishing coking plants in Nigeria for converting Nigerian sub-bituminous coal into coke.

Until new uses for coal are found, no major expansion of the industry is planned by the Government. The existing coal mines at Enugu and Okaba will continue to operate to meet present requirements of the Railways and other local users of coal.

3. Capital Programmes

(a) ***Electricity.***—Programmes in this sector are directed towards achieving the policy objectives already discussed. Total planned capital expenditure during the four-year period is £45.325 million, disaggregated as follows :

	£'million
Electricity Corporation of Nigeria :	
Grid System Extension and Improvement	1.470
Rehabilitation of Power System in the War-affected Areas	4.200
Rehabilitation of Other Power Stations	1.000
Grid-Connected Townships	9.819
Rural Electrification and Isolated Undertakings	5.000
Distribution Extensions	7.021
Civil, Works, Vehicles, Buildings, etc.	1.834
Niger Dams Authority	14.981
TOTAL	£45.325

1. *Grid System Extension*—This project comprises new-erection, extension and re-inforcement of 132 kv, 33 kv and 11 kv systems at Lagos, Apapa-Alanto, Erinle, Kano, Zaria, Kaduna, Ibadan, Asejire and Ughelli. The project is expected to improve existing supplies of power to the major cities.

2. *Rehabilitation of War-damaged Areas*—This project covers the rehabilitation and reconstruction of the power stations damaged during the war, transmission lines, substations and distribution system in the East-Central, Rivers, South-Eastern and Mid-Western States. The project covers the emergency rehabilitation and, thereafter, the permanent repairs of:

(*i*) Aba-Afam-Port Harcourt area.

(*ii*) Asaba-Onitsha-Enugu area.

(*iii*) Calabar-Uyo-Ikot Ekpene-Aba-Umuahia area.

(*iv*) Onitsha-Aba area.

3. *Rehabilitation of Other Power Stations*—This project covers the rehabilitation of Lagos (Ijora) power station for improved power supply in the Lagos area until the second 330 kv transmission line from Kainji to Lagos is constructed. It includes also a new generating plant for Maiduguri, six mobile diesel generating units for emergency supplies and diesel plants to replace generating plants at some of the existing undertakings.

4. *Grid-Connected Townshi–s*—This project deals with the expansion of the grid-system to provide power supply to 225 new townships and villages with their associated industries, all accessible to the Kainji Grid. This is an aspect of the overall rural electrification programme and is expected to greatly utilize the installed capacity at Kainji.

The main sub-projects subsumed under the project are 132 kv transmission lines and substations, 33 kv transmission lines with equipment, 11 kv transmission lines with equipment and high/low tension substations and lines. One of these sub-projects is the Zaria-Gusau transmission line which will form a base for electrifying much of the North-Western parts of the country. It will be a 115 mile transmission line from Zaria to Gusau. Gusau is at present supplied power from an isolated diesel generating station and it is planned that it should be supplied from the Grid. At Funtua, there is a proposed 132/11 kv step-down substation for electrifying the adjoining areas. At Gusau, there will also be a 132/33 kv substation. The Oshogbo-Akure sub-project consists of 70 miles of 132 kv transmission line. This is to replace an existing 132 kv transmission line from Oshogbo through Akure to Benin which will be operated at 330 kv level as provided for in the N.D.A. project, Oshogbo-Onitsha transmission line. There will be another line from Oshogbo via Ajasse to Ilorin which is developing into an industrial centre. From Ajasse the line will be extended to Ilofa where a 132/11 kv substation will be constructed to supply power to the area east of the Ilorin-Oshogbo-Akure line. Other sub-projects are the 85-mile Aba-Calabar 132 kv transmission line with a 132/11 kv substation at Calabar to electrify parts of the South-Eastern State, and a 45-mile Benin-Agbor transmission line with a 132/11 kv substation at Benin. Associated with all these transmission lines and substations will be a distribution network carrying power to the planned areas around the Grid.

5. *Rural Electrification*—As a basis for rural development and as a means of bridging the social and economic gap between the urban and rural population, the Government will embark on the electrification of the rural areas. This will also help to utilize the installed generating capacity in the country and reduce generating costs per unit. The rural electrification programme is divided into two: the grid-connected townships and villages described above, and isolated undertakings not accessible to the national grid. For the grid-connected townships, a Consultants' feasibility report has been submitted to the E.C.N. for the electrification of 225 towns accessible to the national grid. In accordance with their terms of reference, the Consultants paid particular attention to the local distribution of power supply in the 225 townships, and to the possibility of introducing modern methods of design and construction

of transmission, sub-transmission and distribution systems. The Consultants also carried out a survey of immediate and long-term expansion needs as well as looked into the problems of operational functions, communications, protection systems, fault detection and types of equipment. Finally, they made a commercial viability appraisal of the supplies to the grid-connected townships.

6. *Isolated Undertakings*—For the isolated undertakings, another Consulting team has carried out an economic and technical appraisal of the proposed isolated undertakings in the system, and its report is being awaited. The team was commissioned to determine the location and best grouping of 200 townships, the list of which was supplied by the E.C.N. as a starting point for the Consultants' assignment; to design the most economic system of supplying individual towns or groups of towns, with special emphasis on simplicity of plant and equipment for ease of operation, reliability and standardisation of equipment; to advise on the types of generating plants most suitable for the different rural areas of the country, and finally, to submit a financial forecast for this aspect of the rural electrification programme.

The total size of the rural electrification programme will depend on the report of this latter study. Whatever is the outcome of these studies, the policy decision will be based on the needs for rural development, social amenities in rural areas and further utilization of installed generating capacity.

The needs of the States for rural electrification have been taken into account in the E.C.N. proposed programme. The State Governments will, after appropriate consultations with the Corporation, continue to support particular projects of special interest to them within the Programme. Such projects have been reflected in the various State programmes to be published by the respective State Governments.

7. *Distribution Extensions*—This project is intended to firm up existing supplies, and involves the expansion and improvement of power supplies in the major load centres, except Lagos which has been included in the Grid-Connected Townships. It will cater for the rapid growth in consumer demand expected in these centres during the Plan period. The capital allocation is to cover the cost of sub-transmission lines, distribution works, consumer services, meters, etc.

8. *Two Generating Units*—This is an N.D.A. project and covers the installation of the 5th and 6th generating units and associated works at Kainji. They are expected to further raise the installed capacity at Kainji Dam by 160 MW to cater for expected growth in power demand.

9. *N.D.A. 330 kv Transmission Lines*—The Oshogbo-Onitsha 330 kv transmission line is to prepare the way for the conversion of the 132 kv transmission line. Cost allocation is mainly for bush clearing. There is also the Kainji-Oshogbo 330 kv transmission line to duplicate an existing one for security of power transmission. Similarly, the continuation of the Oshogbo-Lagos transmission line is to assure security of transmission from Kainji to Lagos.

10. *Benin and Onitsha Substations*—This is part of the N.D.A. grid system extension programme.

11. *Gongola River Project*—This is primarily an irrigation project with hydro-electric aspects A dam is proposed to be built on the Gongola River to irrigate about 200,000 acres of land mainly in the North-Eastern State. The project will also contribute to the development of power supply in the central parts of the country by the installation of a generating capacity of 80 MW. It is estimated that the full project will cost about £25.0 million. A reconnaisance survey of the area has been carried out and the capital allocation is to cover the cost of feasibility study and the initial works to be undertaken during the latter part of the Plan period.

12. *Kainji-Birnin Kebbi-Niamey Transmission Line*—This is a 132 KV transmission line from Kainji Dam to Birnin-Kebbi with a terminal substation in the Argungu/Birnin-Kebbi area for supply to Sokoto and Niamey (in Niger). The Government of Niger has shown a strong desire for power supply from Kainji which will greatly reduce power costs that now stand at about 1*s*–9*d* per kwh in Niger compared to only 3*d* per kwh in Nigeria. The Federal Government of Nigeria has therefore decided to co-operate in the execution of the project. A feasibility study has already been carried out on the project; but implementation will depend on detailed negotiations with the Government of Niger. The study shows that of the two alternative routes proposed, the more economically and technically feasible is the direct route, Kainji-Yelwa-Birnin Kebbi-Dosso-Niamey with a branch line from Birnin-Kebbi to Sokoto. The capital allocation is to cover the cost of the transmission line from Kainji to Birnin-Kebbi and Sokoto.

(*b*) *Petroleum*—The major project in the sub-sector during the Plan period is the proposed second refinery. The Government's share of the capital cost of the project is, therefore, shown as industrial investment in Chapter 16.

(*c*) *Coal*—The mines at Okaba, which were operated while the Enugu mines were closed during the civil war, will continue to be worked, and one of the mines at Enugu will be re-opened immediately pending the outcome of export drive for Nigerian coal. Together, the Okaba and Enugu mines will meet the requirements of the Railways, the Nkalagu Cement works and small industries and domestic consumers. Capital allocations for repairs to the mines and offices of the Coal Corporation at Enugu damaged during the war are shown under the Mining Sector in Chapter 15.

TABLE 1

CAPITAL EXPENDITURE ON ELECTRICITY, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
I E.C.N.					
1. Grid System Extension Project ..	0.100	0.650	0.600	0.120	1.470
2. Grid-Connected Townships ..					
(*i*) 132 Kv Lines	—	—	1.354	1.000	2.354
(*ii*) 132 Kv Substations	—	—	0.468	0.295	0.763
(*iii*) 33 Kv Lines	—	0.158	0.377	0.359	0.894
(*iv*) 33 and 11 Kv equipment ..	—	0.516	0.356	0.028	0.900
(*v*) 11 Kv Lines and Cables ..	—	0.341	0.421	0.498	1.260
(*vi*) HT/LT Substations	—	0.149	0.168	0.158	0.475
(*vii*) LT Lines and Cables	—	0.372	0.374	0.359	1.105
(*viii*) Other Works	—	0.539	0.843	0.686	2.068
3. Rehabilitation of Power System in War-affected Areas	1.694	1.406	1.100	—	4.200
4. Rehabilitation of other Power Stations	0.400	0.200	0.200	0.200	1.000
5. Rural Electrification and Isolated Undertakings	—	0.750	1.250	3.000	5.000
6. Distribution Extensions	0.991	1.300	2.300	2.430	7.021
7. Civil Works, Vehicles, Buildings, etc.	0.334	0.500	0.400	0.600	1.834
TOTAL, E.C.N.	3.519	6.881	10.211	9.733	30.344

TABLE 1—*continued*

CAPITAL EXPENDITURE ON ELECTRICITY, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
II *Niger Dams Authority*					
7. 12 Generating Units	0.125	1.600	1.650	0.600	3.975
8. Repairs to and Conversion of Oshogbo Transmission Line to 330 kv	—	0.145	0.150	0.020	0.315
9. 330 kv Kainji-Oshogbo Transmission Line	—	0.100	1.050	1.200	2.350
10. 330 kv Oshogbo-Lagos Transmission Line	—	—	1.160	1.020	2.180
11. Completion of Onitsha and Benin Substations	0.338	0.420	0.040	—	0.798
12. Gongola River Project	0.080	0.150	0.590	0.680	1.500
13. Kainji-Birnin Kebbi-Niamey Transmission Line	0.003	0.759	1.000	—	1.760
14. Engineering and Supervision Fees ..	0.054	0.242	0.614	0.302	1.212
15. Contingency Allocation for possible price changes	0.048	0.213	0.364	0.266	0.891
TOTAL, N.D.A.	0.648	3.627	6.618	4.088	14.981
TOTAL, ELECTRICITY PROGRAMME	4.167	10.508	16.829	13.821	45.325

CHAPTER 18

WATER AND SEWERAGE

Adequate and readily available pipe-borne water supply used to be thought of almost exclusively as a social amenity and strictly for use in homes and institutions like hospitals and schools. Its increasingly important role in industrial production processes is still scarcely realised generally in Nigeria, except when shortage of or complete breakdown in water supplies causes serious dislocations in industrial operations. Recent shortages of water supplies in such places as Lagos and Ibadan with their industrial and commercial concentrations, with the resultant shortfalls in the supply of locally manufactured goods, have underlined the growing importance of the role of water supply in industrial and commercial activities.

For Nigeria as a whole, however, it is still probably valid to treat water supply as a social service consumed mainly by households and institutions. The urban population, which has for long had the benefits of pipe-borne water supply, hardly remembers that water is a welfare necessity. But for the rural population, seemingly permanently short of good water supply, it is the most sought-after social good and ranks very high in their scale of developmental preferences.

1. Recent Developments

In the 1962-68 Development Plan, total capital allocation for water supply was £24.3 million, or 3.6 per cent of the total planned capital expenditure. Of this amount, £1.8 million was allocated for the expansion of the water supply system in the Lagos metropolitan area to cope with the expected industrial and commercial developments as well as the rapid increase in the area's population. The former Northern Region planned a total expenditure of £7.4 million to improve and expand both urban supplies (especially in areas of expected industrial expansion), and rural supplies in the form of well-sinking, bore-hole drilling and hydrological investigations. The former Eastern Region had a total planned capital expenditure figure of £5.2 million to expand water supplies mainly in urban areas. In addition, pumped and piped water supply schemes were planned for the rural areas. The former Western Region allocated £9.9 million for this sector for the expansion of urban and rural water supplies, and for the establishment of a Regional Water Corporation. All through the Plan, therefore, some emphasis was placed on both urban and rural water supplies; the former for industrial and domestic use, and the latter for raising the standard of health of the rural population by eradicating such diseases and parasites as diarrhoea, dysentery, typhoid, cholera, malaria, ringworms, etc. the incidence of which is directly related to inadequate potable water supply.

Actual capital expenditure during the six-year Plan period was £24.7 million. This represents about 4.4 per cent of total actual expenditure of £536.5 million for the whole Plan period and an over-expenditure of about 2 per cent in the sector. Although there was financial over-expenditure in the overall national water supply programme, there were, however, under-expenditure in some vital sectors of the programmes which have led to serious water supply problems in some of the country's major cities. For example, in the case of Lagos, water supply development absorbed only a capital expenditure sum of £0.689 million. It was planned to raise the capacity of Lagos (Iju) Water Works from 14 million gallons a day to 40 million gallons a day during the Plan period. In fact, the capacity was raised to only 24 million gallons a day. There was also under-expenditure in the former Western Region's water supply programme with installed water supply capacity much below the planned capacity. The gaps between installed and planned capacities showed themselves in serious water shortages in such places like Lagos, Ibadan and Kano, with deleterious effects on industrial output.

The one scheme which would have relieved the water supply problem in Lagos on a long-term basis is the Master Plan for the Lagos Water Supply System. But it never got off the ground. Progress in implementation was seriously hampered by long drawn-out loan negotiations, which are still not yet concluded after about seven years! The Scheme, on which detailed feasibility studies had been carried out, was estimated to cost over £17 million and to increase the installed capacity of the Iju Water Works from 18 million gallons a day to 84 million gallons a day in 1975, and 210 million gallons a day in 1985. Since so much time was being spent on negotiating the external loan and working out designing and construction details, the Federal Government (which was then responsible for the scheme) settled for an interim relief scheme to cope with the water supply bottleneck which had reached a very critical stage by 1968. But even here, the results have been only palliative, and much of the water crisis in metropolitan Lagos is one of the legacies for the present Plan.

In the North, where, on the other hand, both physical and financial targets were met, demands for pipe-borne water supplies in such urban areas like Kano and Kaduna have still outgrown the expanded installed capacities. In the rural areas, the situation was even worse—a taste of pumped or pipe-borne water only released new pent-up desires for more water.

One significant institutional development in the sector during the 1962-68 Plan period was the establishment, in the former Western Region, of the Western Nigeria Water Corporation. It transferred the operation, management and development of water supplies in the Region from direct Government control to a semi-autonomous commercial organisation. Henceforth, water supply was to be run, as far as possible, on a commercial basis. This was a novel development in the water supply services of the country.

On sanitary and industrial sewerage, storm-water drainage and refuse disposal, the programmes here were mainly preliminary studies commissioned by the Federal Government and the former West Regional Government respectively on the Lagos and Ibadan sewerage, drainage and refuse disposal systems. The Report on the Lagos basic study has now been completed, and the Lagos State, which has taken over responsibility for the project, is to commission a more detailed study. The Report of the basic study on Ibadan sewerage system is still being awaited. Towards the end of the last Plan period, a major drainage scheme for Benin City was started by the Mid-Western State Government.

2. Policy Issues and Objectives

The primary objective of Government's policy on water supply is to provide water in adequate supply, make it readily available and ensure that the water supplied is always safe and healthy for human consumption. Government accepts that the provision of water, which is one of the primary needs of man, is a service which it is obligated to perform to the citizens. During the Plan period, therefore, the policy objective will be to further expand and improve both the urban and rural water supplies throughout the country. In the urban areas, the strategy will be to increase the capacity of water supply to meet the expected growth in population and in industrial and commercial activities. Recent experience has demonstrated that unless this is done water supply could well become one of the country's major economic bottlenecks. In the rural areas, where inadequacy or absence of good water supply has been found to have a direct bearing on the spread of certain water-borne diseases, the strategy also would be to improve the quality and source of water supplies in these areas in order to reduce the incidence of such diseases.

The crucial policy issue in this sector is whether the principles leading to the establishment of a Water Corporation in the former Western Region will be adopted by the new States. These principles were to :

(*i*) remove the operation and management of water works from direct Government control ;

(*ii*) ensure efficiency and speed in the operation of the water supplies, which would be difficult to achieve within the existing civil service structure ;

(*iii*) reduce wastage by having water supply system run on more commercial basis ; and

(*iv*) have an organisation that will be more dynamic in its functions and more responsive to pressing needs.

Prior to this new development, the operation of water supply throughout the country was in the hands of the various Ministries of Works (formerly Public Works Departments) of the Federal Government (for Lagos) and the former Regional Governments. These Departments, it is to be noted, were also charged with responsibility for the development of roads and bridges, construction of Government buildings and supervision of Government building contracts for offices and staff houses, as well as Statutory Corporation's buildings. As long as the provision of water supply was for the modest requirements of an insignificant percentage of the country's population in a few Government townships, this arrangement would appear to have been adequate for its purpose. But with the enormous growth of urban population, industry, commerce and the rise in general standard of living, demands on the various Departments for water supplies have grown beyond their technical and administrative capabilities. Hence, the need for reviewing the existing arrangement.

The Conference of Chief Water Engineers held at Kaduna in 1964 recognised this need and recommended that the various Governments in the Federation should constitute all Water Supplies into Statutory Corporations. The establishment of the Western Nigeria Water Corporation could be said to be a rapid follow-up on this recommendation, although there were also external financing considerations in the background. The other former Regional Governments had also started preliminary arrangements for forming similar Corporations when the present twelve-state political structure come into existence. The Mid-Western State indeed proceeded to effect the establishment of a Water Corporation.

It may be argued that the water supply requirements of some of the new States are not large enough to justify the establishment of Water Corporations. For such States, what may be required is the expansion and re-organisation of the Water Supply Divisions of their Ministries of Works to run their water supply programmes more effectively until the time when the establishment of Water Corporations becomes necessary or worthwhile. For the other States (e.g. Lagos, Kano and North-Central) which are large in population and area, and where much industrial growth is expected, the establishment of such corporations during the Plan period may be opportune. The important thing is to ensure that commercial water operation is not introduced before the level of services rendered justifies it.

Since a Water Corporation must necessarily be financially self-sufficient in order to be effectively independent of the Government, its revenues should cover all costs and leave some surplus to finance capital expansion and development. With the increase in the pace of economic growth, more and more of water is expected to be consumed by industrial and commercial establishments, for which water is an essential production input which must be remunerated.

There is also the policy principle that as far as possible, those who benefit from a public service should be made to pay directly for it. For all these reasons, it can be said that the water tariff should be set to at least cover production and service costs in the urban and industrial areas. For the rural areas, however, where water supply will for sometime continue to be a social amenity, there will continue to be subsidies on water consumption.

These principles have been operationally adopted by the Western Nigeria Water Corporation. The market price charged by the Corporation for urban consumers discourages wastage in water utilization. The Water Corporation's tariff is much higher than the Lagos rate which is 30*d* per 1,000 gallons, and which was highly subsidised indirectly by the Federal Government. This large Government subsidy can no longer be justified in view of the fact that Lagos has the highest per capita income level and the country's largest concentration of industries.

On the development of sanitary and industrial sewerage, Government has always been interested in the provision of an adequate water-borne sewerage system, since inadequate sewerage facilities in thickly populated cities contribute to the spread of the types of diseases and bacteria that inadequate water supply also causes. The need for this was recognised in the 1962-68 Development Plan as part of the planned development of the Federal capital of Lagos. The Federal Government, in 1965, commissioned a preliminary study by Gilbert Associates Incorporated of New York on sanitary and industrial sewerage, storm-water drainage and refuse disposal for the metropolitan area of Lagos. The resulting Report recommended a composite plan for sanitary and industrial sewerage, storm-water drainage, etc. estimated to cost over £178 million, but with top priority to be given to sanitary sewerage system estimated to cost £37.7 million. Since this was a preliminary study, a more detailed study will be made before funds are committed to the scheme. A similar study has been commissioned by the former Western Region in co-operation with the United Nations Development Programme for the Ibadan sewerage system.

Government's programme on sewage disposal can also be approached as part of the development of town and country planning. In the absence of a sewerage system, town planning authorities in many of the major cities do not approve a building plan that does not include a provision for septic tanks for the disposal of sewerage. This is supposed to be a stop-gap measure until sewerage facilities and treatment plants are provided on a city-wide basis.

In view of the expected growth of urban population, and of industry and commerce, the need for modern sewerage facilities has become more pressing as a means of improving the health of the urban population and reducing water pollution from industrial wastes. During the Plan period, it is Government's policy to ensure that, at least in the capitals and big towns, town planning authorities make appropriate arrangements for the disposal of wastes by requiring that septic tanks be provided in all new buildings.

3. Programmes and Projects

Total planned capital expenditures in this sector during the Plan period is £51.696 million. The whole of this amount will be disbursed by the various States to expand and improve urban and rural water supplies. The emphasis by all the State Governments is on meeting the increasing demand for pipe-borne water in the urban and rural areas.

On sewerage, the Lagos State Government, which has taken over this project, as well as the Lagos Water Supply scheme, from the Federal Government, has allocated £10 million for design and the first phase of the development of the Lagos Sewerage system. The Western State has also allocated the sum of £4.045 million for further studies and for implementing the initial stages of the Ibadan Sewerage system.

Summaries of the sector programmes are given in the following tables :

CAPITAL EXPENDITURE ON WATER SUPPLY AND SEWERAGE
1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Preliminary Investigations	0.020	0.025	0.005	—	0.050
2. Hydrological Investigations	0.009	0.009	—	—	0.018
3. Minor Extensions to Existing Supplies	0.080	0.050	0.040	—	0.170
4. Jos Water Supply	0.500	0.496	0.900	0.604	2.500
5. Wukari Water Supply	0.050	0.050	0.100	0.050	0.250
6. Shendam Water Supply	0.030	0.050	0.050	0.070	0.200
7. Pankshin Water Supply	0.030	0.050	0.050	0.070	0.200
8. Lafia, Akwanga and Katsina-Ala Water Supplies	0.030	0.150	0.150	0.270	0.600
9. Equipment for Water Works	—	0.025	—	—	0.025
10. Additional Vehicles and Replacement of Vehicles	0.010	0.010	—	—	0.020
11. Water Supply Depot Construction ..	0.025	0.010	0.015	—	0.050
12. Well Sinking and Drilling—Rural Water Supplies	0.010	0.080	0.090	—	0.180
13. Additional Vehicles—Rural Water Supplies	—	0.010	—	—	0.010
14. Equipment—Rural Water Supplies ..	—	0.010	—	—	0.010
15. Replacement of Plant and Vehicles—Urban Water Supplies	—	0.010	0.010	0.010	0.030
16. Replacement of Equipment—Rural Water Supplies	—	0.010	—	—	0.010
TOTAL	0.794	1.045	1.410	1.074	4.323

CAPITAL EXPENDITURE ON WATER SUPPLY AND SEWERAGE
1970-74—*continued*

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
EAST-CENTRAL					
1. Completion of Existing Rural Water Supply Programmes	0.500	1.000	0.500	1.000	3.000
2. Reconstruction and Rehabilitation of Water Supply Establishments ..	0.400	—	—	—	0.400
3. Chemical and Bacteriological Laboratory for Water Examination	0.003	0.010	—	—	0.013
TOTAL	0.903	1.010	0.500	1.000	3.413
KANO					
1. Metropolitan Kano Water Supply ..	0.150	0.250	0.500	0.400	1.300
2. Extensions to Existing Water Supplies in Major Urban Areas	0.010	0.350	0.450	0.010	0.820
3. Hydrological Investigations and Extensions to Other Urban Areas ..	0.150	0.250	0.400	0.400	1.200
4. Rural Water Supplies	0.250	0.250	0.250	0.430	1.180
TOTAL	0.560	1.100	1.600	1.240	4.500
KWARA					
1. Preliminary Investigations and Surveys for Urban Water Supplies	0.010	0.010	0.010	0.010	0.040
2. Hydrological Investigations	0.002	0.002	0.002	0.002	0.008
3. Extension to Ilorin Water Supply—Phase I	—	0.500	0.500	0.500	1.500
4. Extensions to Other Urban Water Supplies	0.200	0.250	0.250	0.300	1.000
5. New Water Supplies	0.050	0.070	0.070	0.070	0.260
6. Well Sinking and Drilling Equipment ..	0.097	0.037	0.033	0.033	0.200
7. Fixed Plants Replacement	0.015	0.015	—	—	0.030
TOTAL	0.374	0.884	0.865	0.915	3.038
LAGOS					
1. Expansion of Water Supply Schemes	1.000	0.880	0.700	0.284	2.864
2. Lagos Sewerage System	0.175	0.175	0.250	0.900	1.500
TOTAL	1.175	1.055	0.950	1.184	4.364

CAPITAL EXPENDITURE ON WATER SUPPLY AND SEWERAGE 1970-74—*continued*

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
MID-WEST					
New Water Supplies and Extension to Existing ones	0.250	0.950	1.250	1.250	3.700
TOTAL	0.250	0.950	1.250	1.250	3.700
NORTH-CENTRAL					
1. Extension to Kaduna Water Supply ..	0.433	0.453	0.114	—	1.000
2. Extension to Zaria Water Supply ..	0.631	0.956	0.850	0.063	2.500
3. Extension to Katsina Water Supply ..	0.631	0.956	0.850	0.063	2.500
4. Minor Urban and Semi-Urban Water Supplies	0.157	0.266	0.235	0.242	0.900
5. Hydrological Investigations	0.012	0.012	0.007	0.005	0.036
6. Preliminary Investigations and Surveys for Urban Water Supplies	0.014	0.013	0.008	0.008	0.043
7. Minor Extensions to Existing Distribution networks	0.010	0.010	0.010	0.010	0.040
8. Water Works Equipment	0.040	0.040	0.040	—	0.120
9. Water Supply Depot	0.020	0.010	0.010	—	0.040
10. Plant and Vehicles for Urban Water Supplies	0.010	0.005	—	—	0.015
11. Fixed Plant Replacement for Urban Water Supplies	0.005	0.005	0.005	—	0.015
12. Well Sinking and Drilling, Katsina Province	0.040	0.040	0.040	0.040	0.160
13. Well Sinking and Drilling, Zaria Province	0.016	0.016	0.016	0.016	0.064
14. Water Production Drilling	0.010	0.010	0.010	0.010	0.040
15. Replacement of Plant and Vehicles for Rural Water Supplies	0.013	0.007	—	—	0.020
16. Well Sinking and Drilling Equipment	0.015	0.015	0.010	—	0.040
TOTAL	2.057	2.814	2.205	0.457	7.533

CAPITAL EXPENDITURE ON WATER SUPPLY AND SEWERAGE 1970-74—*continued*

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-EASTERN					
1. Preliminary Investigations and Surveys for Water Supplies	0.010	0.010	0.010	0.010	0.040
2. Hydrological Investigations	0.001	0.001	—	—	0.002
3. Well Sinking and Drilling, Adamawa	0.036	0.036	0.036	0.036	0.144
4. Well Sinking and Drilling, Bauchi ..	0.039	0.039	0.040	0.040	0.158
5. Well Sinking and Drilling, Bornu ..	0.074	0.074	0.074	0.074	0.296
6. Well Sinking and Drilling, Sardauna ..	0.028	0.029	0.028	0.029	0.114
7. Flood Relief Measure, Nguru	0.008	—	—	—	0.008
8. Major Extensions to Urban Water Supplies	0.025	0.040	0.030	0.020	0.115
9. Minor Extensions to Existing Water Supplies	0.003	0.004	0.004	0.003	0.014
10. Minor Water Works Equipment ..	0.005	0.007	0.007	0.001	0.020
11. Plant and Vehicles for Urban Water Supplies	0.004	0.006	0.006	0.002	0.018
12. Production Drilling	0.012	0.016	0.008	0.004	0.040
13. Well Sinking and Drilling Equipment ..	0.020	0.030	0.030	0.10	0.090
14. Plant and Vehicles for Rural Water Supplies	0.008	0.008	0.005	0.002	0.023
15. Fixed Plant Replacement for Urban Water Supplies	0.020	0.030	0.030	0.010	0.090
16. Phase I of Bauchi Water Supplies Dam—Construction and Distribution Facilities	0.200	0.300	0.200	—	0.700
17. Potiskum Water Supply	0.035	0.035	0.015	—	0.085
18. Damaturu Water Supply	0.030	0.030	—	—	0.060
19. Misau Water Supply	0.030	0.020	—	—	0.050
20. Kumo Water Supply	0.030	0.025	—	—	0.055
21. Ganye Water Supply	—	0.030	0.025	—	0.055
22. Gombe Water Supply—Phase I ..	—	—	0.010	—	0.010
23. Mayo Balwa Water Supply	—	—	0.010	—	0.010
24. Hong Water Supply	—	—	0.010	—	0.010
25. Rural Water Supply	0.100	0.100	0.100	0.200	0.500
TOTAL	0.718	0.870	0.678	0.441	2.707

Capital Expenditure on Water Supply and Sewerage 1970-74—*continued*

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-WESTERN					
1. Gusau Water Supply	0.200	0.200	0.250	0.350	1.000
2. Argungu Water Supply	0.040	0.010	—	—	0.050
3. Kontagora Water Supply	0.040	0.040	—	—	0.080
4. Gwadabawa Water Supply	0.010	0.025	0.020	—	0.055
5. Agaie Water Supply	—	0.020	0.020	—	0.040
6. Jega Water Supply	—	0.010	0.025	0.020	0.055
7. Zuru Water Supply	—	—	0.020	0.030	0.050
8. Lapai Water Supply	—	—	0.010	0.030	0.040
9. Kagara Water Supply	—	—	0.010	0.030	0.040
10. Bida Water Supply	0.010	0.010	—	—	0.020
11. Bernin Kebbi Water Supply	—	0.010	—	—	0.010
12. Mina Water Supply	—	—	0.010	0.010	0.020
13. Abuja Water Supply	0.010	0.010	—	—	0.020
14. Yelwa Water Supply	—	—	0.005	0.005	0.010
15. Sokoto Water Supply	—	—	—	0.020	0.020
16. Machinery Replacement	0.025	0.040	0.045	0.050	0.160
17. Semi-Urban Water Supplies	0.025	0.030	0.035	0.045	0.135
18. Rural Water Supplies	0.070	0.060	0.050	0.048	0.228
TOTAL	0.430	0.465	0.500	0.638	2.033
RIVERS					
1. Port Harcourt Water Supply—Improvement	0.200	0.300	0.250	0.250	1.000
2. Urban and Rural Water Supplies ..	0.100	0.400	0.450	0.550	1.500
TOTAL	0.300	0.700	0.700	0.800	2.500
SOUTH-EASTERN					
1. New Urban Water Supplies	0.120	0.190	0.200	0.090	0.600
2. Completion of Urban Water Schemes	0.013	0.015	0.020	0.017	0.065
3. Improvement and Extensions to Existing Urban Water Supplies ..	0.200	—	—	—	0.200
4. Rural Water Supplies Scheme.. ..	0.037	0.200	0.450	0.488	1.175
TOTAL	0.370	0.405	0.670	0.595	2.040

CAPITAL EXPENDITURE ON WATER SUPPLY AND SEWERAGE 1970-74—*continued*

£'million

Governments	1970-71	1971-72	1972-73	1973-74	*Total*
WESTERN					
1. Ibadan Sewerage System	0.150	0.900	1.500	1.495	4.045
2. Urban and Rural Water Supply Schemes	4.500	1.500	1.000	0.500	7.500
TOTAL	4.650	2.400	2.500	1.995	11.545
TOTAL, ALL GOVERNMENTS ..	12.581	13.698	13.828	11.589	51.696

CHAPTER 19

TRANSPORT SYSTEM

The Transport Sector has, over the years, been a major area of government investment. The main reason for this is that the development process depends, to a very large extent, on the efficiency of a country's transportation network.

All economic activities rely on the transport system for the movements of both their physical inputs and outputs. The truth of this in the Nigerian context was given explicit recognition in the Stanford Research Institute's report of 1961 entitled the 'Economic Co-ordination of Transportation Development in Nigeria' where it was stated that : "The economic history of Nigeria is largely the story of the opening of its vast area by various forms of transportation".

This close connection between the nation's economic growth and the development of its transportation network was again brought out forcefully during the civil war when the transportation network in many parts of the country was severely disrupted. All modes—the road, railway, port, shipping and air service—were adversely affected, with serious setbacks for the economy. The transportation network, because of this key role in the process of development, must therefore continue to demand Government's priority attention, in terms of improving and expanding facilities to keep pace with the tempo of general economic development and, indeed, to stimulate the development process itself.

1. Recent Performance and Problems

Nigeria's transportation network has recorded an impressive growth both in physical terms and in terms of proportion of total capital funds invested in the economy. The 1962-68 Plan had, on the whole, a great impact on the transportation sector. The basic aim of that plan was the expansion and upgrading of transport facilities in order to provide the necessary level of infrastructure to support the nation's development effort. In recognition of the importance of the sector, a total investment of about £144 million (21.3 per cent of the total planned expenditure) was projected over the six-year plan period. By the end of the plan period in 1968, a total of over £121 million (84 per cent of planned expenditure) had been invested. In physical terms too, most of the major transport projects were either completed or substantially executed during the period.

Government's policy on transportation was laid down in Sessional Paper No. 1 of 1965 entitled 'Statement of Policy on Transport'. In essence, this policy provided that co-ordinated development of various forms of transport will be promoted by concentrating on developing those modes which are capable of carrying persons and goods at the lowest cost per unit of service. In addition, government policy stressed the importance of achieving this objective of co-ordinated development through a combination of measures which included administrative regulations, a national rate policy, the use of new technology and direct investment measures.

Due to a variety of circumstances which owe their origin to the state of permanent crises that existed in the country between 1965 and 1969, transportation infrastructure suffered very severely both from neglect (in terms of insufficient maintenance) and actual physical destruction as in the case of the civil war. In the two years preceding the war, investment in the transportation sector, even in terms of maintenance of existing facilities, dropped very sharply. With the outbreak of war in 1967, when resources had to be mobilised for its prosecution as number one priority, very little maintenance was carried out. Added to this, as a result of the closure of the transportation facilities in the Eastern States, the already over-worked and under-maintained transportation facilities in the other parts of the country had to bear an excessive level of traffic in the nation's effort to keep the economy running as normally as possible. The effect of these developments has been that the nation's achievement in the provision of transport infrastructure has been very severely retarded. Facilities have deteriorated so badly that the country can be said to be facing a "Transportation Crisis". It has, therefore, become necessary for Government to reorder investment priorities during the current Plan period in order to take full account of this situation.

(*a*) *Road*—Serious attention was first given to road construction in Nigeria after the First World War. In 1925, an attempt to co-ordinate road development was made through the establishment of a 'Road Board' which later became known as the 'Communication Board'. This Board worked out a scheme for a skeleton trunk road system which constituted a framework around which a stystem of secondary and feeder roads was to be built. By 1951, a total road network of over 27,000 miles had been constructed. Out of this only 1,114 miles were bituminous roads. Even the roads with bituminous surface dressing lacked proper drainage and were of poor construction in terms of the materials used. As traffic volumes and axle-loads increased, the roads simply proved inadequate to the task. The need for proper highway planning soon became recognised. So was the advantage of using new construction techniques and materials.

Since 1951, the nation's road network has developed rapidly both in terms of total length and quality. The following Table places this in better perspective :

TABLE 1

TOTAL MILEAGE OF EXISTING ROADS, 1951-1968

Year	*Bituminous*	*Earth/Gravel*	*Total*
1951	1,114	26,645	27,759
1962	6,908	38,011	44,919
1968	9,500	45,800	55,300

From a situation where the road system was designed to serve mainly the export trade, it has now progressed, through greater integration, to provide support for a rapidly expanding domestic economy. In spite of this gradual shift of emphasis, the tonnages moved by road to and from the Apapa Port over the years have continued to grow at the expense of the railways :

TABLE 2

TONNAGES OF GOODS MOVED BY ROAD TO AND FROM APAPA PORT, 1955-68

Year	*Imports*		*Exports*	
	'000 *tons*	*% of Total moved by Road*	'000 *tons*	*% of Total moved by Road*
1955-56	83	24	102	13
1961-62	369	53	344	43
1967-68	636	68	771	56

Road transport, therefore, clearly has become the key element in the total transport sector.

There have been, till now, two main road classifications : The trunk "A" roads which were a Federal responsibility and were designed to serve as evacuation and inter-regional highways. The second main type of road were the trunk "B" roads. These connect provincial and divisional headquarters and other large centres within the trunk "A" network.

The Federal and twelve State Governments each has a Ministry charged with responsibility for road construction and maintenance. The Federal Ministry of Works and Housing has a Public Works Department which has direct responsibility over trunk 'A' roads. Federal road projects are carried out either by the Public Works Department directly or through private contractors, and in the case of maintenance works through the relevant State Ministry of Works on an agency basis.

The 1962-68 Plan made provision for £35.4 million to be spent in upgrading Federal Roads and £24.7 million, £8.85 million, and £6.35 million on old Northern, Eastern and Western trunk 'B' roads respectively. Most of the major projects in the Federal programme were either completed during the Plan period or inter-Plan years or are still in progress. Actual investment on roads by the former Northern and Eastern Region Government were £12.3 million and £5.5 million respectively. This represents an under expenditure of about 54 per cent and 38 per cent for the Northern and Eastern Region Governments respectively. The Western Region Government on the other hand, over-fulfilled its plan target of £6.35 million by £1.341 million or 21 per cent.

(*b*) *Rail.*—The railways had a comparatively early start in Nigeria with the construction of a line extending in a north-easterly direction from Lagos in 1898. By the end of 1964, when the Bornu extension was completed, Nigeria had about 2,178 route miles of single line railway track all of the 3 ft. 6 inches gauge.

Before 1955, the railway was run as a government department. This situation was altered in 1955 with the creation of the Nigeria Railway Corporation with powers among others, to manage and operate the railway and to direct and control expansion and extension of the system. As a statutory public corporation, the NRC was expected to function on a commercial basis although, like in other statutory bodies, government retained general powers of control over its policies and rates. The track of the railways consist of various weights ranging from 45 to 80 lbs. per yard. Only the high density routes are of 80 lb. weight, the rest being mainly of the 60 lb. type. In terms of motive power, the Corporation possessed the following number of steam and diesel units:

TABLE 3

NUMBER OF RAILWAY ENGINES IN STOCK
1962-68

Type	1962-63	1964-65	1967-68
Mainline			
Steam	202	191	191
Diesel	43	43	72
Shunting			
Steam	50	49	49
Diesel	10	12	17
Rail Cars			
Steam	—	—	—
Diesel	2	2	2
TOTAL	307	297	331

In its disellization programme, the Railway Corporation is gradually fading out its steam units and replacing them with the more efficient diesel locomotives. Table 4 above also gives indication of the effect of the slow, but steady implementation of this policy.

The number and capacity of rolling stock operated by the Railways increased markedly over the last decade though this increase was not matched by any upward trend in passenger and goods carriage. In fact, since 1962 there has been a steady decline in tonnage of goods and number of passengers carried with consequent decline in revenue.

Beginning from 1959-60 when the railways incurred a substantial net loss (its first) of £1.35 million, the Corporation has steadily been running at a loss. This is a direct reflection of the many problems which confront the Corporation. These problems cover operations, equipment, management staffing, rate policy and investment decisions. In addition, because of the great and continued improvement in the road system and the changing pattern and composition of goods transported, the potential competitive ability of the railways has been put under severe test. One problem has been the inability of the railways to adjust to the changing patterns in the transport market.

In fact, the 1965 World Bank Mission reported serious deficiencies in the railways and followed these up with detailed recommendations which covered the technical operations, management, staffing and investment decisions of the Corporation. The subsequent national crisis however, made implementation difficult. Today, the railway situation has further deteriorated.

In addition to its many traditional problems, the railway is, probably, the hardest hit in the transporation sector by the national crisis. The Corporation lost some 6,000 staff of various skills ; the Eastern branch of the network was closed down (as it turned out at the end of the civil war severely damaged) ; and about one third of the rolling stock was tied up and deteriorated in the war zones.

The needs of the railways are therefore of immense proportions. The need to modernise and increase efficiency both in terms of equipment and personnel are of primary importance. Unless efficiency and equipment improve dramatically, and unless a new flexibility is built into railway operations and rates, the railway will lose the battle against road transporters even in areas where it now enjoys comparative advantage. The railway was for long recognised in Nigeria as the most economical mode of transport from a national economic point of view. Today, the railway can only be described in these terms if vital, urgent and thorough reforms, aimed at increasing efficiency, are undertaken.

During the 1962-68 Plan period, the Railways was to spend £20.17 million mainly to complete the Bornu extension and purchase 14 Diesel locomotives and 1,485 wagons. A sum of £4.0 million was also to be spent on the relaying of tracks with heavier rails. It was expected that the Corporation would provide £12.2 million of the total planned investment from its depreciation and other reserve funds. Total realized capital expenditure in the last Plan period, 1962-68 came to £21.65 million an over-expenditure of £1.48 million.

(*c*) *Air.*—(*i*) *Nigeria Airways.*—The Nigeria Airways came into being in 1959 when it took over the operation of internal air services from the West African Airways Corporation which served all the former four British West African territories. The Airways is a private company with the Federal government as sole shareholder. In addition to internal operations, it had services covering the West Coast up to Dakar, and, until 1969 when it acquired its first VC. 10 aircraft, operated its international service in a joint pool and charter arrangement with the British Overseas Airways Corporation.

The Nigeria Airways has, in the past, suffered from two main problems. Firstly, it lacked equipment in terms of modern aircraft and ground equipment necessary for the proper discharge of its functions. Secondly, and even more crucial, it suffered from perennial management problems, particularly in terms of quality and quick turn-over. The airline entered 1969 with a fleet of only four F.27 aircrafts its small fleet of DC.3s having been taken over by the Nigerian Air Force in the war years. A fifth F.27 aircraft was seized by the former secessionists and later shot down over Lagos during their bombing raid on the federal capital in the war. It was therefore impossible for the Airways to operate, satisfactorily, its various internal routes. With respect to the international routes, it has had no aircraft of its own since it lost its only VC.10. It is however, still operating the Nigeria-Europe services through charter arrangements. The West African route has been suspended due to lack of suitable aircraft. Late in 1969, the Company acquired two additional F.27 aircrafts which have helped to bolster up its internal services. But there is still a great deal to be done in this area in order to give the airline a sound domestic base in the passenger and freight traffic. Proper exploitation of the domestic possibilities is vital before the Airways can hope to compete effectively in long-haul inter-continental routes, which is fast becoming the preserve of the very big Airlines of the world.

During the 1962-68 Plan period, the total capital expenditure planned for the Nigeria Airways was £2.0 million. The plan target was achieved, and, in fact, exceeded both in physical and financial terms. The Engineering base was duly completed, and the planned five F.27 planes were acquired. This excludes the two new F.27 aircraft delivered in August 1969, and the VC. 10 acquired in the same year but which crashed only two months later. Total actual capital expenditure against the 1962-68 Plan came to about £3.5 million.

(*ii*) *Civil Aviation.*—Nigeria is served by twelve airports. A number of government and privately-owned landing strips spread all over the country, also exist. The main responsibility of the Aviation Department of the Federal Ministry of Transport consists in providing safe and adequate facilities to meet the needs of civil aviation in the country. These services include Ground Services, Air Traffic Control, Aeronautical Communications and Meteorological Services, in addition to the general administration and regulation of air services.

In the 1962-68 Plan, a total expenditure of £4.949 million was earmarked for investment in providing civil aviation facilities. The aviation sub-sector was one of the areas in which, in both financial and physical terms, expenditure fell far short of expectations and actual requirements. The country's airports, in runway length and instrumentation, fall far below international standards. The Lagos airport is served by grossly inadequate temporary terminal buildings and facilities. Both the Lagos and Kano runways are still substandard. Civil Aviation facilities have also been adversely affected by the civil war. The impact of the war on these facilities has come in three ways :

(*a*) some of the airports were hastily extended for military purposes ;

(*b*) there was direct destruction of airport buildings and installations as these constituted important targets for aerial strikes ; and

(*c*) due to lack of proper maintenance during the war years, a good number of the airports and landing strips have deteriorated to dangerous levels.

There is thus an urgent need for quick investment in this area not only to improve facilities but even to save existing investments.

(*d*) *River.*—The Niger and Benue waterways have played very little role in the carriage of goods and passengers and have generally not yet fulfilled the high hopes held by the Government. The main reasons can be found in continued restricted navigation due to seasonal water levels north of Aboh ; the difficulty of navigating the Delta area ; and the expansion of roads for fairly efficient transport of passengers and goods. In the early 1960's, about 325,000 tons of goods were moved annually by the waterways down the Niger and 50,000 tons down the Benue from Garoua in the Cameroon. Within the 1962-68 Plan, navigation facilities worth over £10 million were provided with the construction of the Kainji Dam whilst another £1.9 million was set aside for the provision of navigational aids and a river patrol system. These, combined, have helped to make the Niger navigable, all the year round, up to Yelwa. And, through a system of locks provided with the construction of the Kainji Dam, the waterway is navigable seasonally from Yelwa up to the Dahomey border—a distance of 809 miles from the sea.

There are, however, serious doubts whether improved navigational facilities alone will have enough impact to save the river transport system. The suspension of activities by the wholly foreign-owned river fleet during the civil war further complicates the future. A proper study will now have to be made before any further substantial investment is undertaken. The present situation and immediate prospects call for a fresh appraisal of the place of river transportation in the national network.

(e) *Shipping*—The Nigerian National Shipping Line was established in 1958 and became fully Government-owned in 1961 when the Government purchased the 49 per cent interest held by its foreign technical partners. In 1962, the Company owned five ships whilst it operated several on charter. The 1962-68 Plan set aside a contingent sum of £6.1 million for investment in additional facilities if the market prospects warranted it. However, between 1962 and 1969 when its last vessel was delivered, the Shipping Line had, as a result of poor management and consequent bad investment decisions, spent a total of over £11 million in the acquisition of eight vessels, four of which were second-hand. The company's finances could not bear such a level of investment, especially as the market situation did not seem appropriate for expansion and as there were doubts about the suitability of the type of vessels acquired. The problems of the Company have been further compounded by a defective organisational and management situation in terms of quality and rapid turnover of personnel.

(f) *Ports*—The Nigerian Ports Authority is an autonomous corporation charged with the operation and administration of the ports in the country. The Authority has, under its direct control, six ports—Lagos, Port Harcourt, Calabar, Warri, Burutu and Koko. In all, the Authority operates 17 berths including a container berth in the port of Lagos, eight berths in Port Harcourt, three berths in Calabar, one in Warri and one at Koko. This excludes a large number of anchorages for vessels in all the ports.

In addition, the Authority undertakes pilotage, and conservancy services and ensures maintenance of a reasonable depth of water by constant dredging of the ports and their approaches.

The two major ports of Lagos and Port Harcourt are fully equipped with modern port facilities including transit sheds and warehouses of 450 feet length, modern cargo handling equipment consisting of fork lifts, portal and mobile cranes of from three to 25 tons capacity, tractors, trailers, gantry cranes and a floating crane of 100 tons capacity. The ports of Lagos and Port Harcourt together handled about 70 per cent of the pre-war imports and exports of the country. The average tons-per-hook-hour for import is about 12 tons whilst export is about 18 tons which compare favourably with the standards in most modern ports.

Total planned expenditure of the N.P.A. during the 1962-68 Plan period was about £23.6 million and the programme was designated top priority within the transport sector. Realised capital investment during the 1962-68 Plan period came to £24 million representing a slight overfulfilment of plan targets in financial terms as well as physical since all the major projects were completed during the period. These include the extension to berthing facilities in Lagos and Port Harcourt, the construction of a new port at Koko and the first phase of the Bonny Bar dredging project. The second phase of the latter project has now been rendered unnecessary in view of the growing preference by the oil companies for off-shore loading.

In spite of this definite improvement in port facilities, the Port of Lagos has continued to be a major bottle-neck in the movement of goods. This is attributable not only to the effects of the closing down of the Eastern ports during the war but, also, partly, due to a lack of proper forward planning with regard to the provision of adequate cargo handling equipment and an effective port equipment maintenance service. It is recognised that a good many other factors have contributed to the inefficiency in the Lagos port but lack of proper forward planning; maintenance arrangements; and staff control and supervision have been major contributory factors. The ports development programme in the 1970-74 period aims at removing these various bottle-necks, thus facilitating freer flow of the nation's goods, removing the need for ships to que for berths and the cost to the economy of the now ritual upward movement of freight rates.

2. Policies and Objectives

In the transportation sector, there are two general policy issues confronting the Government. The first has to do with the need for greater co-ordination among the various transport modes. The other is concerned with the urgent need for the infusion of better management and technical expertise into the various transport organisations, which are mainly Public Corporations.

(*a*) *Co-ordination*—There is now much greater need for co-ordination and rationalisation in making investment decisions in the transport sector. It used to be the policy of Government to allow mainly market forces to determine investment and operational activities in the transport sector. But this "laissez-faire" attitude can no longer be tenable especially in a situation where the nation is faced with a near collapse of the transportation system and where scarce funds might be invested without proper consideration for the interdependence of the whole sector. The result has been that in some cases, funds have been invested in providing facilities which are not being adequately utilized, sometimes because such facilities are not related to the needs of the net-work as a whole.

One major objective of Government policy will, therefore, be the co-ordinated planning of all transport development and the administrative regulation of their operations. For example, the Government will take necessary measures to resolve the unhealthy competition between the railways and roads in order to make them provide complementary services. It would be necessary, in this regard, to regulate the maximum axle-loads permissible on the highways and ensure that road hauliers pay a more equitable share of the cost of providing road facilities. Steps will also be taken to ensure that various Marketing Boards employ the most rational mode of transportation in moving their commodities. The principle of full economic costs will be invoked in appraising the relative efficiency of different transport modes.

This emphasis on co-ordinated development in the transportation sector would call for a re-organization and strengthening of the Federal Ministry of Transport in order to prepare it adequately for the new active role in policy formulation and programme planning. To this end, a new and effective Transport Planning Unit will be established in the Federal Ministry of Transport, initially, under a Technical Assistance arrangement.

(*b*) *Management*—The transport sector can in a sense be termed the "Corporations Sector" since, with the exception of roads, all the other modes are run by statutory bodies. Chapter 8 has made reference to the general problems and policies of public enterprises. Most of the existing statutory corporations are not responsive to the changing needs of the growing Nigerian economy. In addition, they do not possess the know-how for translating into reality the objective of successful commercial operations. The level and quality of personnel leave much to be desired and administrative patterns continue to reflect some of the worst traditions and rigidities of the colonial Civil Service.

Part of the problems of these Corporations can be traced to faulty capitalisation, bad investment decisions, and the inherent difficulty of achieving an operational balance between commercialism and public accountability. The main question for policy reform is how to find a lasting solution to the "management crisis" in the transport corporations. Staff policy must be geared to the achievement of higher productivity and the fate of senior official may have to reflect the fortunes of their organizations. In serious cases such as the Nigerian Airways and the Nigerian National Shipping Line, Government will explore the possibility of retaining, as a temporary measure, foreign technical and operational experts with a view to infusing better management and operational effectiveness into these public companies. In addition, primary importance will be given to training and establishing viable Nigerian managements.

Since the success of the transport corporations depends to a great extent on the quality of men who manage their affairs, Government will take all necessary measures to ensure that the affairs of these bodies are entrusted into the hands of the best men available. Comprehensive training programmes will be instituted to place expertise at the disposal of potential managerial and technical personnel.

Necessary guidelines will be given on specific measures or criteria by which to evaluate the efficiency and effectiveness of Public Corporations. It is not helpful to condemn the performance of these bodies in general terms without first setting out performance targets and achievement yardsticks. It is necessary to answer the question whether or not most of these Corporations can in fact, or should be expected to, make profit. In this respect, their price setting policies must come under closer scrutiny. It is, also, of vital importance that a proper balance be established between commercialism and State control. A proper review of the financial structure of each Corporation will be undertaken—an exercise long overdue—as many of the Corporations have acquired liabilities out of all proportion with their actual capital base. They have, in short, been saddled with debts which they are incapable of bearing.

(*c*) ***Road.***—More effective co-ordination and the complementary development of the various transport modes will be a major objective of Government during the Plan period. Within the roads sub-sector itself, attention will be directed towards ensuring more positive co-ordination between the policy, development and actual construction of the road system. To this end, active consideration will be given to the possible creation of a Highway Authority and a State Construction Organisation.

A major objective of the present road development programme is the creation of a national road network of primary and secondary arteries which would cut across the existing trunks 'A' and 'B' network. A reclassification exercise has already been undertaken by Kampsax, Consultants, in their 1967 study entitled "Highway Survey in Nigeria". The Kampsax recommendations will, if accepted by Government, form the basis of the proposed reclassification of the road system. This new network, which will be built to better standards, will offer the nation a well articulated set of highways geared to the needs of development. An important part of the network consists of new North-South highways to link the new ocean terminals at Warri and Calabar with the hinterland. Greater attention will, in addition, be paid to the obvious need to improve road standards and maintenance systems.

(*d*) ***Rail.***—The Railways suffer in no small measure from the management crisis that seems to pervade Nigeria's public enterprises. This has meant a steady decline in operational efficiency. Government will ensure the revamping of the whole management and technical structure of the Corporation in order to meet the challenge of modern rail transportation.

As a first step in operational reform, a team of 26 railway experts has been requested through Canadian Technical Assistance, to carry out re-organization and reconstruction assignments in collaboration with the Corporation's personnel in the areas of maintenance of locomotives, re-aligning and regrading of tracks, locomotive driving techniques, computerisation of operations, etc. In addition, arrangements are under way to get a team of consultants to study the whole problem of re-modelling the railway system for increased speed and greater load-bearing capacity. No new railway extensions are envisaged during the Plan period.

It is realised that part of the problem of the Railways is that it is operating with over-age equipment and physical facilities. In this respect, Government's objective during the Plan period is the phased modernization of various equipment to help improve efficiency. Avenues will be explored to help the Railway recover its earning power and still provide efficient transport at reasonable rates.

(*e*) *Air*.—During the Plan period, the Government will give the Nigeria Airways the necessary support to enable it play an increasingly effective role in air transportation, both on the national and the international routes. First priority is, however, being given to the infusion of managerial and technical expertise into the Airline, if necessary through partnership with foreign operational expertise. High priority will also be given to the full development of the internal and West Coast Services. In this respect, prime importance will be placed on the acquisition by the Airline of modern feeder and medium-haul jet aircraft to assist its operations on the priority routes. Staff training in all aspects of the Company's operations will receive correspondingly close attention.

The Government will provide safe and adequate facilities for civil aviation throughout the country. Early action will be taken to ensure that the runways and landing aids in the various airfields, both local and international, are brought up to modern international standards. Work is already in progress on the extension to the Ikeja Airport runways. A team of Dutch experts is already at work with the aim of advising on the proper level of development of the major airports in the country. The Civil Aviation Division of the Ministry of Transport will be strengthened by the establishment of an airport engineering unit and by the expansion and re-training of staff in all other units of the Division. During the Plan period it is intended to expand the Federal Government's Flying Unit by the acquisition of a new executive jet. The Unit will be placed under the operational control of the Civil Aviation Division which will also take charge of the maintenance of all other government aircraft.

(*f*) *Shipping*.—The Nigerian National Shipping Line is another public enterprise in which Government will, during the Plan period, undertake urgent management reforms with the participation, if necessary, of foreign technical and operational experts. No immediate expansion is envisaged on the present fleet strength of 13 ships, except in terms of replacement of four vessels which will become over-age during the Plan period. Increase in capacity will be achieved through appropriate voyage and time charter arrangements. Necessary measures will also be taken to make the N.N.S.L. the primary carrier of produce originating in Nigeria, with a view to strengthening the Line's bargaining position in the carriage of valuable, high freighted, south-bound cargo. Possibilities of the Line taking over the coastal distribution of petroleum products and participating in the international tanker trade will also be actively explored.

With the completion of the Kainji Dam and its anciliary navigation facilities, the River Niger up to Yelwa is now navigable all the year round. However, the nation's inland waterways are likely, during the Plan Period, to play a comparatively minor role in the movement of goods and persons. Action will, however, be taken to get the waterways properly mapped out with buoys and other navigational aids in order to make them safer for day and night navigation. The whole future of inland water transportation will be studied as part of the effort towards greater co-ordination of the various transport modes. The aim will be to re-assess the role of inland water transportation in the movement of goods. If adjudged commercially feasible, a public company will be established with suitable partners to revive and run the river fleet.

(*g*) *Ports.*—During the Plan period, Government's policy will be directed towards the expansion of berthing facilities by the urgent construction of four new berths in Lagos, two in Calabar, and two in Warri. Road connections between the various ports (particularly the new ports of Warri and Calabar) and their hinterland are being correspondingly improved. Provision will be made for all the four major national ports of Lagos, Port Harcourt, Calabar and Warri, to be supplied with modern cargo handling equipment, to facilitate the quick turn-round of ships. Action is already being taken to re-organise the Dock Labour system in Nigerian ports. To this end an integrated cargo handling system is being introduced, and number of contractors working the port drastically reduced with a view to promoting greater operational efficiency. At every stage, adequate measures are being taken to protect the interests of shipping companies. Comprehensive action is being taken to simplify and streamline all port and customs procedures with consequent savings in time and money.

3. Programmes and Projects

In order to achieve the various policy objectives stated above, the sum of £242.6 million has been allocated as capital expenditure in the transport sector over the Plan period. This is made up of £75.5 million for the States' and £167.1 million for the Federal programmes. A summary of the transport sector programmes of all Governments is presented in Table 20. The main features of the major sub-sector programmes are further examined below :

(*a*) *Road.*—Within the framework of a ten-year National Road Development Scheme 1970-80, for the establishment and improvement of an integrated network of Primary, Secondary and feeder roads in the country, the sum of £93.8 million is approved for essential road works over the 1970-74 period. This amount represents probable disbursements on Federal projects during the Plan period. Total resources needed to complete the projects reflected in the Federal road programme is of the order of £230 million representing a carry-over of £136.2 million beyond 1974. The Federal road programme (Tables 4-8) is in four broad categories :

(*i*) A construction programme which will seek to complete all projects on which work is now in progress.

(*ii*) A top priority rehabilitation programme aimed at keeping existing vital highways open.

(*iii*) A set of new road projects on which sufficient progress in planning and engineering design has been made, such that they are ready for execution during the Plan period.

(*iv*) A number of roads in the new National network for which funds are being provided in the Plan, to enable necessary feasibility studies, planning and design to be undertaken immediately.

The main feature of the Federal road programme is that it cuts across the traditional Trunk 'A' and 'B' classifications. This is in line with Government policy to develop a primary road network with the dual purpose of serving not only as evacuation routes but also to further facilitate the growth of Inter-State Commerce. Stretches of the selected roads already exist to various standards of construction ; and the aim of this programme is to construct the non-existent stretches and, generally, to up-grade all the stretches to the same standards. This new national road network will consist of heavy and light primary roads and secondary roads. The Primary roads will be those connecting the prominent centres of the country with each other and with the ocean terminals (Lagos, Warri, Port Harcourt and Calabar) and main border crossings. The Secondary road network will connect important centres within the Primary network with each other and with the Primary network. The States will concentrate principally on minor roads within the Primary and Secondary road network and on the proper study and engineering design of potential State roads. Total States capital expenditure on roads, the details of which are set out in Table 9, is £72.4 million.

In practice, past emphasis has been on constructing more and more new roads, thus spreading limited funds over long mileages. This has resulted in fast deterioration and heavy maintenance costs. During the 1970-74 Plan period, emphasis will be on higher quality from the point of view of what is optimal in national economic terms. As part of the road rehabilitation effort, various narrow and weak bridges will be widened and strengthened. No new major bridges will, however, be constructed unless they form integral parts of the new road schemes.

In line with the above, some of the principal road projects proposed are described below:

(*i*) *Continuing Projects* : (*Table* 4)

(*a*) *Eko Bridge Extension*—This bridge, formerly known as the Second Mainland Bridge, is being extended so that it can empty part of its traffic direct into Western Avenue. This will further ease the flow of traffic between Lagos Island and the Mainland. Work is already in progress on the £4.6 million extension. Only £2.241 million will be required during the current Plan period to complete the project.

(*b*) *Apapa Road and Ijora Causeway*—This project is aimed at providing easy access to the nation's main port of Apapa. The project includes a vast parking area for produce-carrying trucks which will help reduce congestion on the port approaches at present clogged up by the heavy trailers parked on the road side. The project will be completed by 1972-73 at a cost of £7.453 million during the current Plan period.

(*c*) *Calabar-Ikom-Ogoja-Katsina-Ala*—The Calabar-Ikom section of this road is already being constructed. It will be further extended to Katsina-Ala during the Plan period to provide back-up communications for the port of Calabar with the North-Eastern parts of the country. Construction of the road will provide a third North-South highway. This road, formerly a Trunk 'B' is being reclassified as a Primary road. Total cost of completing the project is estimated at £4.419 million.

(*d*) *Warri-Benin-Irrua-Auchi-Ososo-Okene-Lokoja-Kaduna*—This will be the fourth North-South highway designed to open the central regions of the nation to the port Warri and provide economic impetus to the northern parts of the Mid-West State. The Warri-Benin section is already under construction, and the Benin-Auchi-Okene part is being contracted out. The Okene-Lokoja-Katonkarfe-Kaduna section will be studied and designed during the Plan period. The studies will include another Niger Bridge crossing around Katonkarfe. The project also includes the rehabilitation of federal roads from Ologbo junction to Koko port. Total cost of the road complex during the Plan period is estimated at £7.2 million excluding £1.0 million set aside for the study and design of the Auchi-Okene-Lokoja section.

(*ii*) *Road Rehabilitation* : (*Table* 5)—A total sum of £32.8 million has been set aside for the rehabilitation of various sections of roads in order to keep them open to traffic. This has become an urgent necessity due to the damage and deterioration caused by war and neglect during the war years. A few of the most important roads falling into this category are Lagos-Ibadan-Ilorin-Kano produce evacuation route (£5.27 million); Kano-Kari (£3.8 million); Kano-Katsina (£1.728 million); Benin-Asaba (£1.3 million); and Jos-Aliade-Otukpa (£3.9 million). Also featuring are replacements to sub-standard bridges on various trunk routes. Details of the road rehabilitation projects are at Table 5.

(*iii*) *New Projects* : (*Table* 6)

(*a*) *Road Bridges at Jebba and Makurdi*—Because of the bottleneck constituted by the present road-rail bridges at Makurdi and Jebba, work will begin during the present Plan period aimed at providing new road bridges to serve the nation's two most important evacuation routes. In 1970-74, the scope of work will be limited to engineering design and about 50 per cent construction at a combined cost of £4.1 million.

(*b*) *Lagos-Ibadan Expressway*—Construction work will begin on this £8.8 million expressway, which will link the two largest cities in Nigeria and shorten the distance between them by about 10 miles. The existing road, which bears the nation's densest traffic, is now in very bad shape; and initial rehabilitation work will have to be carried out to keep it open. A sum of £4.280 million has been set aside in the 1970-74 Plan period for necessary studies and designs, and for the initial phase of construction of the four-lane expressway.

(c) *Western Avenue-Agege Motor Road.*—The construction of this road, a carry-over from the 1962-68 Plan, will receive top priority as, otherwise, the full benefits of the expensive road works now in progress which will open up the Apapa port will not be realised. Construction costs will be about £4.0 million during the Plan period.

(iv) *Feasibility and Final Engineering* : (*Table* 7).—About fifteen road stretches will be studied and designed during the Plan period to prepare them for possible future construction. Important among these are the Ibadan-Kano-Daura evacuation highway ; Kari-Potiskum-Beni Sheik ; and the Maiduguri-Biu-Yola-Katsina-Ala roads.

(*b*) *Rail.*—The Nigerian Railway Corporation is operating on the basis of a Six-year Development Programme terminating in 1975-76. During the 1970-74 Plan period, however, the programme will require capital investment of the magnitude of £21.8 million. The two main priority areas of the four-year programme are as follows :

(*i*) *Track Relaying and Regrading.*—This will involve the relaying, regrading and re-alignment of railway tracks in order to fit them for greater speeds and heavier axle-loads. Total cost of the project is about £6.7 million.

(*ii*) *Locomotive and Rolling Stock.*—These are for modernisation, expansion and replacement purposes, and will cost £10.3 million over the period 1970-74. Details of the railway programme are at Table 11.

(*c*) *Air.*—Planned investment in this sub-sector, which includes the Nigeria Airways and the Civil Aviation Division of the Federal Ministry of Transport, is about £25.64 million over the Plan period. Details of the projects are presented in Tables 12 and 13. The principal projects of the sub-sector are as follows :

(*i*) *One Long-haul Jet Aircraft.*—This aircraft, for which a provision of £5.3 million has been made, will enable the national airline to operate its long-range services with its own aircraft. If traffic levels justify it during the Plan period, the Airline will also resort to charters to increase its carrying capacity.

(*ii*) *Two Medium-haul Jet Aircraft.*—These will be provided in the early years of the Plan and will serve the main internal trunk routes as well as the West Coast route. Total cost, including spares, is estimated at about £4.3 million.

(*iii*) *Four Small Passenger/Cargo Aircraft.*—These are short take off and landing aircrafts aimed at forming the nucleus of the Charter Department of the Nigerian Airways. These aircrafts will be acquired under special arrangements, and the £0.5 million provided in the Plan is to meet the Nigerian share of the total cost. The project will be re-appraised if the anticipated financing arrangements do not materialise.

(*iv*) *Air Booking Centres.*—More modern offices will be provided in the heart of commercial centres in the major towns in Nigeria, from which better and attractive services can be offered to the public. In the 1970-74 period, new booking centres will be constructed at Warri, Sapele, Benin, Ibadan, Calabar, Makurdi, Maiduguri and Yola at a total cost of £0.14 million.

(*v*) *International Airports.*—The runways and parking aprons at the Ikeja and Kano airports will be extended, and, where necessary, strengthened. A new airport terminal will be constructed at Ikeja airport. Modern landing aids will also be installed at both Ikeja and Kano.

(*vi*) *Minor Airports.*—All the major internal airfields will be rehabilitated, strengthened, resealed and in some cases extended or even moved to new sites. Where necessary, new control towers and terminals will be constructed and modern landing aids installed. A new aerodrome will be constructed at Warri to cater for the growing traffic in the area. The following aerodromes and airstrips will be developed and/or modernised during the Plan period: Ibadan, Benin, Enugu, Gusau, Jos, Maiduguri, Port Harcourt, Kaduna, Calabar, Ilorin, Bauchi, Makurdi, Yola, Zaria, Katsina, Potiskum, Minna, Yelwa, Lokoja, Oshogbo, Bida and Sokoto. In implementing this programme priority will be given to State capitals.

(*d*) *Shipping.*—Planned investment in Shipping (including the Inland Waterways, the Maritime Services and the Nigerian National Shipping Line) is of the order of £6.04 million. The N.N.S.L. will require about £3.15 million to meet planned obsolescence. Funds for the Inland Waterways and Maritime Services will be aimed at properly equipping them, so that they can better discharge their growing responsibilities. Details of the sub-sector programmes are in Tables 14-17.

(*e*) *Ports.*—The Nigerian Ports Authority's investment programme (Details at Table 18) has rehabilitation aspects which will cost about £2.1 million. They are, of a necessity, high priority projects. The second part is aimed at providing new port facilities aimed at meeting projected increases of goods passing through the ports.

Traffic projections made by Economic Associates of London in their Report on the Nigerian Ports, entitled "Nigerian Ports—Traffic and Development" indicate the urgent need for a further four berths in the Apapa port. In addition, two berths each will be constructed at Calabar and Warri during the Plan period. All berths will be fully equipped with modern cargo handling equipment.

It is expected that the new ocean terminals at Calabar and Warri will, when fully developed, take some of the pressure off the Apapa and Port Harcourt ports. A team of Consultants from NEDECO are already doing a quick study to ascertain the future level and distribution of the investment requirements of the national ports.

(*f*) *Miscellaneous Projects.*—(*i*) *Change-over to Right Hand Traffic.*—April 2nd, 1972 has been fixed for the proposed Traffic Change-over. A sum of £1.5 million is being made available for necessary advance publicity and the minor road works that would be involved. The move to change-over has been necessitated by the need to make traffic flow more easily between Nigeria and her neighbours, who all drive on the right. This is in line with the Government's policy of encouraging greater movements of persons and goods between Nigeria and her neighbours. The change-over will also place the country in line with general world practice, remove Nigeria from the shrinking league of nations who drive on the left and thus require specially adapted and more expensive right-hand-drive vehicles. The necessity for an inevitable change-over at a later date, but at much greater cost to the economy, is thus avoided. All the highways constructed in the past few years have, in fact, been designed so that the change-over will present no problems. Only a few roads (particularly roundabouts) and road signs need much modification. The allocation for this item is reflected in Table 19 under miscellaneous projects.

(*ii*) *Research into Soils and Materials.*—In recognition of the important role of research in the field of building and of civil engineering works, the sum of £0.2 million is provided for operations-oriented research into local soils and materials. This provision is reflected in Table 19 under miscellaneous projects.

TABLE 4

Federal Road Programme—Continuing Projects : 1970-74

£'million

Item	*Project*	1970-71	1971-72	1972-73	1973-74	*Total*
1.	Funtua-Chafe-Gusau	0.074	0.089	—	—	0.163
2.	Otta-Idiroko	0.050	—	—	—	0.050
3.	Eko Bridge Extension	2.241	—	—	—	2.241
4.	Apapa Road/Ijora Causeway	3.000	4.435	—	—	7.435
5.	Bauchi-Gombe-Numan-Yola (Widening)	1.500	0.571	—	—	2.071
6.	Beni Sheik-Maiduguri	0.477	—	—	—	0.477
7.	Jebba Bridge—Additional Works ..	0.065	—	—	—	0.065
8.	Gusau-Sokoto	0.022	—	—	—	0.022
9.	Calabar-Ikom-Ogoja-Katsina-Ala ..	2.919	1.200	0.300	—	4.419
10.	Maintenance of State Roads (Produce Evacuation)	1.500	1.500	0.084	—	3.084
11.	Onitsha-Ihiala-Owerri	0.346	—	—	—	0.346
12.	Warri-Benin-Irrua-Auchi-Ososo ..	1.350	2.850	1.500	1.500	7.200
	SUB-TOTAL	13.544	10.645	1.884	1.500	27.573

TABLE 5

FEDERAL ROAD PROGRAMME—REHABILITATION PROJECTS: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Denton Causeway	0.200	0.233	—	—	0.433
2. Lagos-Ibadan-Ilorin-Bokani-Kaduna-Kano (Road and Bridge Works) ..	1.959	2.313	1.000	—	5.272
3. Lagos-Ewekoro-Abeokuta-Ibadan ..	0.600	0.480	0.300	—	1.380
4. Jos-Pambegua (including Bridge between Jos-Kaduna)-Kaduna ..	0.142	0.667	0.500	—	1.309
5. Ilorin-Kabba-Lokoja-Otukpa	0.700	1.073	1.000	—	2.773
6. Benin-Asaba (Road Works)	0.500	0.768	—	—	1.268
7. Shagamu-Benin-Asaba (Bridge Works)	0.100	1.000	1.458	—	2.558
8. Calabar-Ekang-Ikom-Yahe (Road and Bridge Works including Atimbo Ferry Bypass)	1.052	0.610	—	—	1.662
9. Kano-Kari (including Wudil Bridge) ..	1.500	1.800	0.500	—	3.800
10. Kano-Katsina	0.500	1.228	—	—	1.728
11. Sokoto-Illela	0.500	0.310	—	—	0.810
12. Jos-Aliade-Oturkpo	1.500	1.874	0.540	—	3.914
13. Maiduguri-Gamboru	0.250	—	—	—	0.250
14. Replacement of Bridges and Minor Road Works ("Dug-outs")	1.177	1.011	0.500	—	2.688
(*a*) Port Harcourt-Aba-Umuahia-Awgu-Enugu					
(*b*) Onitsha-Ihiala-Owerri					
(*c*) Aba-Oron					
(*d*) Onitsha-Awka-Udi Junction ..					
(*e*) Enugu-Abakaliki-Gakem ..					
(*f*) Various Bailey Bridging ..					
15. Ife-Ilesha-Akure-Benin	0.100	0.400	0.500	0.500	1.500
16. Kaduna-Kafanchan-Gimi	0.200	0.200	0.500	0.600	1.500
17. Bama-Gombi	—	0.050	0.050	—	0.100
TOTAL	10.980	14.017	6.848	1.100	32.945

TABLE 6

FEDERAL ROAD PROGRAMME—NEW PROJECTS : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Jaredi-Jega-Koko-Yelwa-Kontagora ..	0.300	0.300	1.500	1.500	3.600
2. Zaria-Funtua-Chafe-Gusau	0.250	0.750	0.500	—	1.500
3. Ibadan-Ife	0.100	2.000	0.710	—	2.810
4. Maiduguri-Mafa-Dikwa-Gamboru ..	0.100	0.150	0.700	0.800	1.750
5. Road Bridges at Jebba and Makurdi ..	0.050	0.050	2.000	2.000	4.100
6. Lagos-Ibadan Expressway	0.380	0.400	1.500	2.000	4.280
7. Carter Bridge—Repairs	0.500	—	—	—	0.500
8. Western Avenue/Agege Motor Road ..	0.500	0.500	1.500	1.500	4.000
9. Bauchi-Gombe-Numan-Yola (Bridge Works)	0.600	0.650	—	—	1.250
10. Niger Bridge (Permanent Repairs) ..	—	—	0.500	1.000	1.500
11. Calabar-Itu	0.100	0.500	1.000	—	1.600
SUB-TOTAL	2.880	5.300	9.910	8.800	26.890

TABLE 7

FEDERAL ROAD PROGRAMME—PROJECTS FOR FEASIBILITY AND FINAL ENGINEERING : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Katsina Ala Bridge	—	0.100	0.100	—	0.200
2. Onitsha-Awka-Udi-Enugu	0.100	0.100	—	—	0.200
3. Benin-Agbor-Asaba	0.100	0.100	—	—	0.200
4. Mokwa-Enagi-Bida-Akwanga	0.200	0.200	0.100	—	0.500
5. Sokoto-Gwadabawa-Illela	0.100	—	—	—	0.100
6. Zaria-Pambegua-Jos	0.250	0.250	—	—	0.500
7. Kari-Potiskum-Beni Sheik	0.100	0.200	0.100	—	0.400
8. Kano-Bichi-Yashi-Katsina	0.100	0.100	—	—	0.200
9. Port Harcourt-Owerri	0.100	—	—	—	0.100
10. Yaba Roundabout-Maryland-Ikeja Airport	—	0.050	—	—	0.050
11. Maiduguri-Biu-Yola-Katsina-Ala ..	0.200	0.200	0.600	0.600	1.600
12. Auchi-Okene-Lokoja-Katonkarifi-Kaduna	—	0.200	0.300	0.500	1.000
13. Jos-Wamba-Lafia-Makurdi-Aliade ..	0.100	0.100	—	—	0.200
14. Ibadan-Kano-Daura	0.400	0.400	—	—	0.800
15. Bridge at Numan-Yola	0.100	0.300	—	—	0.400
SUB-TOTAL..	1.850	2.300	1.200	1.100	6.450

TABLE 8

SUMMARY OF FEDERAL ROAD PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
Continuing Projects	13.544	10.645	1.884	1.500	27.573
Rehabilitation Projects	10.980	13.967	6.798	1.100	32.845
New Projects	2.880	5.300	9.910	8.800	26.890
Feasibility and Final Engineering Projects	1.850	2.350	1.250	1.100	6.550
TOTAL	29.254	32.262	19.842	12.500	93.858

TABLE 9

STATES ROAD PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Keffi-Nassarawa-Toto-Abaji	0.100	0.215	0.735	0.450	1.500
2. Jos-Pankshim-Langtang-Shendam ..	0.450	0.500	1.000	1.090	3.040
3. Lafia-Shendam	—	0.300	0.700	1.000	2.000
4. Improvements to Minor roads	0.030	0.040	0.025	—	0.095
5. Strengthening of Bridges	—	0.050	—	—	0.050
6. Preliminary Investigation and Surveys of new roads	0.025	0.040	0.040	—	0.105
7. Plant and Equipment	0.050	0.100	0.050	—	0.200
SUB-TOTAL	0.655	1.245	2.550	2.540	6.990
EAST-CENTRAL					
1. Awka-Agulu-Nnobi-Nnewi	0.300	0.080	—	—	0.380
2. Umuahia-Ofeme-Okigwe	0.300	0.400	0.183	—	0.883
3. Ohafia-Arochukwu	0.056	—	—	—	0.056
4. Obosi-Onitsha	0.030	—	—	—	0.030
5. Nkalagu-Eha Amufu	0.100	0.170	—	—	0.270
6. Abakaliki-Afikpo	—	—	0.300	0.260	0.560
7. Umuahia-Bende	—	—	0.200	0.200	0.400
8. Ihiala-Orlu	—	—	0.200	0.200	0.400
9. Nnewi-Uga-Akokwa-Arondiziogu ..	—	—	0.200	0.100	0.300
10. Reconstruction of damaged Bridges ..	0.200	0.200	0.100	—	0.500
11. Outstanding Liabilities to Contractors	0.100	0.300	0.100	—	0.500
12. Plant and Equipment	0.200	0.300	0.222	—	0.722
SUB-TOTAL	1.286	1.450	1.505	0.760	5.001
KANO					
1. Kunya-Babura	0.300	0.500	0.364	—	1.164
2. M.Maduri-Nguru	0.100	0.400	0.400	0.065	0.965
3. Kano-Gwarzo	0.100	0.530	—	—	0.630
4. Improvements to various Minor roads	0.200	0.400	0.800	0.841	2.241
(*a*) Kachako-Dutse-Kiyawa ..					
(*b*) Gaya-Kafin Hausa-Hadejia ..					
(*c*) Kano-Hadejia					
(*d*) Gwarzo-Karaye-Rogo					
(*e*) Kafin Maiyaki-Tudun Wada-Ririwai					
(*f*) Dan Hassan-Rano-Rurum-Tiga Dam					
(*g*) Rano-Kibiya-Buru Buru					
5. Plant and Equipment	0.100	0.200	0.100	0.100	0.500
SUB-TOTAL	0.800	2.030	1.664	1.006	5.500

TABLE 9—*continued*

STATES ROAD PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
KWARA					
1. Ajere-Okene-Lokoja	0.400	0.300	—	—	0.700
2. Katonkarfe-Abaji	0.100	0.200	—	—	0.300
3. Kabba-Omuo	0.140	0.080	—	—	0.220
4. Kaiama-Wawe	0.220	0.200	—	—	0.540
5. Share-Lafiaji-Pategi	—	—	0.240	0.300	0.540
6. Ayangba-Ida	—	—	0.100	0.160	0.260
7. Okene-Ibillo	—	—	0.130	—	0.130
8. Improvements to various Minor roads	0.100	0.100	0.200	0.300	0.700
9. Plant and Equipment	0.020	0.020	0.020	0.020	0.080
SUB-TOTAL	0.980	0.900	0.690	0.780	3.350
LAGOS					
1. Apapa-Ojo-Badagry	0.100	0.200	0.500	0.700	1.500
2. Ikorodu-Epe	0.300	0.300	0.500	0.300	1.400
3. Oja-Ibagbadore Egan-Idowu Akowonjo Agege	—	—	0.040	0.060	0.100
4. Mosafejo-Aradagun-Ilado Heke-Iworo	—	0.030	0.010	—	0.040
5. Ikorodu-Gbogbo-Baiyeku	0.048	0.010	—	—	0.058
6. Lagos Northern Foreshore Ring Road	0.050	0.150	0.150	0.348	0.700
7. Contributions to Local Roads :					
(*a*) Eric Moore Apapa Road	—	0.030	0.025	0.045	0.100
(*b*) Morocco Clark-Akoka	—	0.030	0.025	0.047	0.102
TOTAL..	0.500	0.750	1.250	1.500	4.000
MID-WESTERN					
1. Ovu-Ughelli	0.686	0.076	—	—	0.762
2. Patani-Everemi-Ughelli-Warri ..	1.000	1.200	1.400	1.400	5.000
3. Efurrun-Obodeti-Ashaka	—	—	0.100	0.520	0.620
4. Auchi-Sabongida Ora	0.050	0.100	0.146	0.100	0.396
5. Various Bridge-Works..	—	0.072	0.175	0.108	0.355
(*a*) Orhiomawan Bridge					
(*b*) Ovia Bridge					
(*c*) Ewatto Bridge					
6. U.N. Road Survey	0.025	0.015	0.015	0.015	0.070
7. Improvements to various Minor roads	—	0.200	0.250	0.250	0.700
8. Benin City Drainage	0.324	0.176	—	—	0.500
9. Outstanding Contract Liabilities ..	0.038	—	—	—	0.038
10. Plant and Equipment	0.100	0.100	0.100	0.150	0.450
SUB-TOTAL	2.223	1.939	2.186	2.543	8.891

TABLE 9—*continued*

STATES ROAD PROGRAMME: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-CENTRAL					
1. Funtua-Mando	0.300	0.500	0.500	0.300	1.600
2. Funtua-Yashi	0.100	0.400	0.500	—	1.000
3. Maraba-Dutsin Ma-Katsina	0.033	0.100	0.400	0.500	1.033
4. Kachia-Zonkwa-Kagoro-Kwai	0.100	0.100	0.500	0.498	1.198
5. Kaduna-Kachia-State Boundary	0.020	0.300	0.400	0.570	1.290
6. Improvements to various Minor roads	0.050	0.050	0.050	0.050	0.200
SUB-TOTAL	0.603	1.450	2.350	1.918	6.321
NORTH-EASTERN					
1. Kawa-Abadan-Mallam Fatori	0.200	0.300	0.500	0.500	1.500
2. Hadejia-Nguru	0.084	—	—	—	0.084
3. Gombe-Biu-Damaturu ..	0.500	1.000	1.500	1.150	4.150
4. Damaturu-Gashua-Geidam	—	0.500	1.000	1.500	3.000
5. Nguru-Gashua	0.084	—	—	—	0.084
6. Junction A.17—Gombe ..	0.012	—	—	—	0.012
7. Junction A.4—Yola ..	0.025	—	—	—	0.025
8. Yankari Access road ..	0.040	—	—	—	0.040
9. Improvements to various Minor roads	0.160	0.232	0.250	0.288	0.930
10. Preliminary surveys of new roads	—	0.010	0.015	—	0.025
11. Plant and Equipment ..	0.020	0.030	0.030	0.040	0.120
SUB-TOTAL	1.125	2.072	3.295	3.478	9.970
NORTH-WESTERN					
1. Mainchi-Dakin Takwas	0.050	0.100	0.250	0.120	0.520
2. Dakin Takwas-Rijau ..	—	0.050	0.300	0.230	0.580
3. Rijau-Yelwa	0.050	0.100	0.200	0.120	0.470
4. Kajiji-Gumi	0.150	0.150	0.080	—	0.380
5. Kalgo-Kamba	0.100	0.150	0.050	—	0.300
6. Kaura Namoda-Shinkafe	—	—	0.100	0.090	0.190
7. Improvements to Minor roads	0.070	0.080	0.090	0.085	0.325
8. Plant and Equipment ..	0.180	0.140	0.120	0.105	0.545
SUB-TOTAL	0.600	0.770	1.190	0.750	3.310

TABLE 9—*continued*

STATES ROAD PROGRAMME: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
RIVERS					
1. Port Harcourt-Elele-Ahoada	0.040	0.500	0.280	—	0.820
2. Elelenwa-Bori-Kono	0.040	0.300	0.260	0.200	0.800
3. Ahoada-Degema-Buguma	—	0.030	0.290	0.240	0.560
4. Ahoada-Yenegoa	0.030	0.370	0.320	—	0.720
5. Ahoada-Omoku	0.020	0.220	0.200	—	0.440
6. Yenegoa-Oloibiri-Nembe	—	0.300	0.300	0.400	1.000
7. Igbogene-Polaku-Odi	0.020	0.230	0.200	—	0.450
8. Survey of New Roads	0.100	0.200	0.200	—	0.500
9. Plant and Equipment	0.100	0.100	—	—	0.200
SUB-TOTAL	0.350	2.250	2.050	0.840	5.490
SOUTH-EASTERN					
1. Eket-Minya-Opobo	0.215	0.100	0.185	0.200	0.700
2. Ogoja-Boki-Ikom	0.300	0.450	0.375	0.375	1.500
3. Improvement to various Minor Roads	0.600	0.700	0.900	0.800	3.000
SUB-TOTAL	1.115	1.250	1.460	1.375	5.200

TABLE 9—*continued*

STATES ROAD PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
WESTERN					
1. Idiayunre-Ijebu-Ode	0.100	0.050	0.050	—	0.200
2. Ondo-Ore	0.200	0.110	0.100	0.100	0.510
3. Ife-Ondo	0.200	0.100	0.100	—	0.400
4. Akure-Ondo	0.400	0.300	0.200	0.103	1.003
5. Igbara Oke-Ikerre	0.040	0.030	0.018	—	0.088
6. Igede-Awo-Ido	0.040	0.030	0.020	0.010	0.100
7. Ilu-Omoba-Ikole (Bridge Works) ..	0.100	0.050	0.050	0.050	0.250
8. Ilesha-Oke Igbo	0.050	0.025	0.025	—	0.100
9. Okitipupa-Igbokoda	0.050	0.025	0.025	—	0.100
10. Ibadan-Eleta-Olodo	0.050	0.030	0.011	—	0.091
11. Oniparaga-Abigi	0.100	0.050	0.050	—	0.200
12. Okelusi-Sobe	0.040	0.030	0.011	—	0.081
13. Owo-Ikare-Isua-Ekpemi	0.050	0.025	0.025	—	0.100
14. Ode-Omuo	0.050	0.036	0.020	—	0.106
15. Igboora-Igangan	0.050	0.025	0.025	—	0.100
16. Idiroko-Ikpokia	0.050	0.020	0.020	0.026	0.116
17. Olode-Omifunfun	0.030	0.020	0.020	0.020	0.090
18. Erinmo-Ibokun-Ijebu Ijesha-Atan-Ile	0.050	0.070	0.050	0.030	0.200
19. Imesi-Ile-Ikoro	0.050	0.070	0.050	0.030	0.200
20. Abeokuta-Shagamu	0.100	0.300	0.240	0.200	0.840
21. Ilesha-Efon-Aramoko	0.200	0.300	0.191	0.100	0.791
22. Gbongan-Oshogbo-Okuku	0.100	0.200	0.300	0.400	1.000
23. Improvements to various Minor Roads	0.272	0.131	0.088	0.006	0.497
24. Ibadan Road Drainage	0.300	0.200	0.150	0.100	0.750
25. Plant and Equipment	0.100	0.200	0.100	0.100	0.500
SUB-TOTAL	2.772	2.427	1.939	0.975	8.413
TOTAL : ALL STATES ..	13·009	18.533	22.129	18.765	72.436

TABLE 10

TOTAL INVESTMENT ON ROADS: ALL GOVERNMENTS, 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	0.655	1.245	2.550	2.540	6.990
East-Central	1.286	1.450	1.505	0.760	5.001
Kano	0.800	2.030	1.664	1.006	5.500
Kwara	0.980	0.900	0.690	0.780	3.350
Lagos	0.500	0.750	1.250	1.500	4.000
Mid-Western	2.223	1.939	2.186	2.543	8.891
North-Central	0.603	1.450	2.350	1.918	6.321
North-Eastern	1.125	2.072	3.295	3.478	9.970
North-Western	0.600	0.770	1.190	0.750	3.310
Rivers	0.350	2.250	2.050	0.840	5.490
South-Eastern	1.115	1.250	1.460	1.375	5.200
Western	2.772	2.427	1.939	1.275	8.413
TOTAL ALL STATES:	13.009	18.533	22.129	18.765	72.436
Federal	29.254	32.262	19.842	12.500	93.858
TOTAL ALL GOVERNMENTS	42.263	50.795	41.971	31.265	166.294

TABLE 11

RAILWAY PROGRAMME: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Locomotive and Rolling Stock	2.452	3.811	2.566	1.461	10.290
2. Track (Relay, Regrading and Re-alignment)	2.578	2.176	1.186	0.760	6.700
3. Survey of Existing Railway Network ..	0.008	0.008	0.007	0.007	0.030
4. Station Remodelling	0.170	0.130	0.150	0.150	0.600
5. Signals	0.180	0.220	0.274	0.226	0.900
6. Plant, Machinery and Tools:					
(*a*) Civil Engineering	0.090	0.120	0.120	0.070	0.400
(*b*) Mechanical Engineering	0.245	0.090	0.080	0.075	0.490
(*c*) Operational and Commercial ..	0.113	0.015	0.001	0.001	0.130
7. Bridges	0.070	0.040	0.030	0.020	0.160
8. Electrical Equipment	0.060	0.040	0.030	0.030	0.160
9. Water Supply:					
(*a*) Civil Engineering Department ..	0.065	0.030	0.030	0.025	0.150
(*b*) Mechanical Engineering Department	0.005	0.002	0.003	—	0.010
10. Building:					
(*a*) Offices and Workshops	0.270	0.275	0.290	0.265	1.100
(*b*) Quarters	0.107	0.078	0.078	0.047	0.310
(*c*) Police Quarters	0.025	0.020	0.010	0.005	0.060
(*d*) Medical Buildings	0.020	0.060	0.080	0.040	0.200
11. Printing and Stores Equipment and Advertising	0.070	0.040	0.020	0.010	0.140
12. Vehicles	0.005	0.001	0.001	0.001	0.008
TOTAL	6.533	7.156	4.956	3.193	21.838

TABLE 12

CIVIL AVIATION PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Lagos Airport Terminal	0.500	1.000	1.000	0.500	3.000
2. Lagos Airport Runway and Apron Extension (including ancilliary facilities) ..	0.300	1.000	0.500	0.500	2.300
3. Kano Airport Runway and Apron Extension and Strengthening (including ancilliary facilities)	0.150	0.350	0.300	0.200	1.000
4. Other Airports Extension and Strengthening (including ancilliary facilities) ..	0.750	1.000	1.000	0.750	3.500
5. Development of New Airfield	—	0.150	0.100	—	0.250
6. Communications Equipment	0.300	0.500	0.500	0.100	1.400
7. Mechanical Handling and Fire Service Equipment	0.250	0.250	0.250	—	0.750
8. Government Air Fleet (including hanger)	0.300	0.600	0.500	0.200	1.600
TOTAL	2.550	4.850	4.150	2.250	13.800

TABLE 13

AIRWAYS PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. One Long-haul Jet Aircrafts	1.500	1.500	1.330	1.000	5.330
2. Two Medium-haul Jet Aircrafts ..	1.320	1.000	1.000	1.000	4.320
3. Four small Passenger/Cargo Aircrafts ..	0.100	0.200	0.100	0.100	0.500
4. Lagos Hanger Extension	—	0.200	0.500	0.300	1.000
5. Kano Hanger Extension	—	—	0.050	0.050	0.100
6. Hanger Equipment	—	—	0.025	0.025	0.050
7. Lagos Air Booking Centre	0.050	—	0.100	0.050	0.200
8. Booking Centres at Warri, Sapele, Benin, Ibadan, Calabar, Makurdi, Maiduguri and Yola	0.020	0.040	0.040	0.040	0.140
9. Communications Equipment	—	0.010	0.032	—	0.042
10. Test Equipment	0.030	0.020	—	—	0.050
11. Link Trainer	0.010	—	—	—	0.010
12. New Head Office	—	—	—	0.100	0.100
TOTAL	3.030	2.970	3.177	2.665	11.842

TABLE 14

FEDERAL INLAND WATERWAYS PROGRAMME: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. I.W.D. Craft Replacement	0.100	0.200	0.100	0.100	0.500
2. Acquisition of Hydrological (Sudd and Waterways) Launches	0.080	0.120	0.080	0.040	0.320
3. Lake Chad—Hydrological and Navigational Studies	0.010	0.030	0.010	0.010	0.060
4. Buoys, Beacons and Night Navigational Aids	—	—	0.030	0.020	0.050
5. Buoyage Extension to Yelwa	0.030	0.070	0.030	0.020	0.150
6. Buoyage Vessel	—	0.010	0.090	—	0.100
7. Surveys	—	0.010	0.010	0.010	0.030
8. Lagos/Apapa Ferry (3)	—	0.070	0.100	0.040	0.210
9. Reconstruction of Lagos Ferry Terminal	0.010	—	—	—	0.010
10. Provision of Repairs and Dockyard Facilities	0.010	0.010	—	—	0.020
11. Rehabilitation of Port Harcourt Dockyard	0.100	0.050	0.050	—	0.200
12. Calabar Dockyard Rehabilitation . .	0.020	0.025	—	—	0.045
13. Warri Dockyard Rehabilitation . .	0.040	0.047	—	—	0.087
14. Lokoja Dockyard Rehabilitation . .	—	0.060	0.060	—	0.120
15. Hydrological Investigations	—	0.020	0.020	0.010	0.050
16. Establishment of Hydrological Networks	0.010	0.010	0.010	0.010	0.040
17. Inter-Coastal Waterways Surveys . .	0.010	0.030	0.020	0.020	0.080
18. Flood Plain Mapping	0.020	0.060	0.040	0.040	0.160
19. River Port Development	0.020	0.030	0.020	0.020	0.090
20. River Improvement Experiments . .	—	0.001	0.003	0.001	0.005
21. Dredging and River Training Works . .	0.020	0.100	0.040	0.040	0.200
22. Lokoja and Jamata Ferries	—	0.020	0.050	0.070	0.140
23. Minor Works	0.020	0.020	—	—	0.040
TOTAL	0.500	0.993	0.763	0.451	2.707

TABLE 15

INLAND WATERWAYS PROGRAMME, ALL GOVERNMENTS : 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	—	—	0.020	—	0.020
Rivers	0.550	0.600	0.450	0.400	2.000
South-Eastern	0.370	0.220	0.210	0.210	1.010
TOTAL : ALL STATES	0.920	0.820	0.680	0.610	3.030
FEDERAL	0.500	0.993	0.763	0.451	2.707
TOTAL : ALL GOVERNMENTS . .	1.420	1.813	1.443	1.061	5.737

TABLE 16

MARITIME SERVICE PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
3 Touring Launches	0.015	0.050	0.020	—	0.085
Sea-going Vessel	—	0.030	0.060	0.060	0.150
New Marina Jetty	—	0.015	0.005	—	0.020
TOTAL	0.015	0.095	0.085	0.060	0.255

TABLE 17

SHIPPING PROGRAMME : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Replacement of 4 Over-age Boats ..	—	—	1.000	2.000	3.000
2. Construction of Office Building (including cost of land acquisition) ..	0.050	—	—	0.100	0.150
TOTAL	0.050	—	1.000	2.100	3.150

TABLE 18

PORTS PROGRAMME: 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
REHABILITATION OF PORTS					
(*i*) Port Harcourt	0.334	—	—	—	0.334
(*ii*) Calabar	0.500	0.250	0.250	—	1.000
(*iii*) Bonny	0.030	—	—	—	0.030
(*iv*) Koko	0.012	—	—	—	0.012
(*v*) Deferred Maintenance ..	0.688	—	—	—	0.688
DEVELOPMENT OF PORTS					
Lagos :					
(*a*) 4 Berths and 4 Transit Sheds ..	1.500	1.500	1.000	1.000	5.000
(*b*) 4 Warehouses (including cost of land acquisition)	0.250	0.250	0.250	0.250	1.000
(*c*) Mechanical Handling Equipment ..	0.150	0.140	0.140	0.140	0.570
(*d*) Central Office Block, Apapa ..	—	—	0.150	0.150	0.300
(*e*) Harbour Craft	0.050	0.050	0.050	0.050	0.200
Calabar :					
(*a*) 2 Berths and 4 Transit Sheds ..	0.500	0.500	0.500	0.500	2.000
(*b*) Warehouses	0.100	0.100	0.100	0.100	0.400
(*c*) Mechanical Handling Equipment ..	0.040	0.040	0.040	0.040	0.160
(*d*) Harbour Craft	0.014	0.012	0.012	0.012	0.050
Warri :					
(*a*) 2 Berths and 4 Transit Sheds ..	1.500	1.000	1.000	—	3.500
(*b*) 4 Warehouses	0.200	0.200	0.200	0.200	0.800
(*c*) Mechanical Handling Equipment ..	0.080	0.080	0.080	0.080	0.320
(*d*) Harbour Craft	0.034	0.022	0.022	0.022	0.100
General :					
(*a*) 1 Trailer Suction Dredger	0.350	0.300	0.300	0.300	1.250
(*b*) Sea-going Survey Launch	0.200	—	—	—	0.200
(*c*) Radio and Survey Equipment, etc. ..	0.045	—	—	—	0.045
(*d*) Buoys	0.024	—	—	—	0.024
TOTAL	6.601	4.444	4.094	2.844	17.983

TABLE 19

MISCELLANEOUS FEDERAL PROJECTS : 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Change-over to Right-hand Traffic ..	0.250	0.500	0.750	—	1.500
2. Soil, Road, Building and Construction Materials Research	0.050	0.050	0.050	0.050	0.200

TABLE 20

TRANSPORT SECTOR TOTAL INVESTMENT—ALL GOVERNMENTS : 1970-74

£'million

Sub-Sectors		1970-71	1971-72	1972-73	1973-74	*Total*
Roads	Federal	29.254	32.262	19.842	12.500	93.858
	All States	13.009	18.533	22.129	18.765	72.436
Railway		6.533	7.156	4.956	3.193	21.838
Civil Aviation ..		2.550	4.850	4.150	2.250	13.800
Airways		3.030	2.970	3.177	2.665	11.842
Inland Waterways	Federal	0.500	0.993	0.763	0.451	2.707
	All States	0.920	0.820	0.680	0.610	3.030
Maritime Service		0.015	0.095	0.085	0.060	0.255
Shipping		0.050	—	1.000	2.100	3.150
Ports		6.601	4.444	4.094	2.844	17.983
Miscellaneous	Change-over to Right-hand Traffic ..	0.250	0.500	0.750	—	1.500
	Soil, Road, Building and Construction Materials Research	0.050	0.050	0.050	0.050	0.200
TOTAL ..	All States	13.929	19.353	22.809	19.375	75.466
	Federal	48.833	53.320	38.867	26.113	167.133
	All Governments ..	62.762	72.673	61.676	45.488	242.599

CHAPTER 20

COMMUNICATIONS

Although it is generally recognised that communications services and facilities are indispensable to economic development, it must be admitted that until recently, adequate priority was not accorded the Communications Sector. This explains in part why communications facilities are far from meeting the requirements of the country. The inadequacy in the provision of post offices and postal agencies, telephones and telephone exchanges have seriously affected industrial, commercial and administrative efficiency. Because of the insufficiency of communications facilities, more resources in time, manpower and finance are used up in business performance than are necessary. Development of communications should move in step with, indeed ahead of, industrial, commercial and administrative efficiency.

1. Recent Performance

Total number of all types of post offices has been growing very slowly. In 1960, the total number was 1,192, most of which were postal agencies that do not offer all types of postal services. In 1964, the number rose to 1,305 and by 1968 it had gone up to 1,760. In 1965, the post offices handled a total of 229.1 million postal articles, and these rose to 315.2 million in 1969.

The most serious communications problems have been in the field of telecommunications where the shortage of telephones and the operational inefficiency of the telephone system generally have often lead to exasperating frustrations in service. In 1960, there were 38,690 telephones in use in the country and 48,919 in 1962. The corresponding number of subscribers is slightly less since some subscribers have more than one telephone each. In 1966, the number of telephones rose to 68,748 or approximately one telephone per 1,000 of the population, which is one of the lowest ratios in the world. By 1969, the total number of telephones had risen to 80,839, but the number per 1,000 of the population remained more or less the same, becuase during the civil war expansion could hardly be undertaken in the former Eastern Region.

In 1960, there were only five automatic and 116 manual telephone exchanges. In 1964, the number of automatic telephone exchanges rose to 31 while that of manual telephone exchanges dropped to 107, as some of the latter were converted to automatic exchanges. Since 1966, the number of automatic and manual exchanges has remained static. In 1965, there were 52 telex working lines, 11 private wire telephones and 42 private wire telegraph. In 1969 the figures were 194, 22 and 77 respectively.

During the 1962-68 National Development Plan, expansion and extension of the communications sector was the main Government objective in this sector. Total planned capital expenditure in the six-year period was £30.0 million. The realised expenditure was, however, only about £13.5 million. There was thus a very large under-expenditure of 55 per cent in the sector. Further investments beyond the 1962-68 Plan period have amounted to over £1 million.

There were two major projects whose implementation was either started or completed during the Plan period and which were expected to increase the number of telephone lines and raise the number of installed telephones by 90,000. These were the Telecommunications Development, Steps I and II. Step I consisted of the building of a new long distance route connecting Lagos, Ibadan, Benin, Enugu and Port Harcourt. Work is still going on on the Step II, which is designed to replace with larger and modern telephone exchanges the older types in Lagos, Ikeja, Port Harcourt and Enugu, and change all the old type underground cables in these towns as well as provide additional lines for increasing the number of telephones.

Other projects included the building of new post offices, upgrading of postal agencies to sub-post offices and sub-post offices to departmental post offices, telephone subscribers' extension, telecommunications development (interim phase) and external telecommunications.

Other developments were in the external telecommunications sub-sector. The Nigerian External Telecommunications Ltd. was established in January 1963 to replace the Cable and Wireless Ltd. in recognition of the fact that it is undesirable to allow the external telecommunication services of an independent country to be controlled by a private company, especially as such a company was controlled entirely by foreign ownership and management. Thus, negotiations were started in 1962 between the Federal Government and the Cable and Wireless Ltd. on a new partnership arrangement. The agreement provided for the establishment of a limited liability company whose share capital was owned on the basis of 51 per cent by the Federal Government and 49 per cent by the Cable and Wireless Ltd. Capital acquired by Government was worth £200,000. Directors of the new company were appointed in the same proportion as share capital held, with the Federal Government providing the Chairman. The Company was to function on a profit-making basis with profits to be shared on a 51-49 basis. Fixed assets of the former Company in Nigeria at the time of take-over was valued at £400,000.

The NET still offers the same services as did the Cable and Wireless Ltd. These are to accept and deliver all overseas cablegrams. It operates, by wireless, international telex and radio-telephone services from Lagos to other major world cities. It also operates direct radio-picture services from Lagos to many countries of the world as well as telephone and telegraph services with ships at sea. Since its establishment, the NET has been commercially successful. One ultimate objective of policy is the assumption of full control by the Federal Government.

The implementation of these projects helped to ease slightly the bottlenecks in the communications sector. The number of telephones during the 1962-68 Plan period increased from 49,000 to 75,000, telephone exchanges increased from 121 to 144, teleprinter machines rose from 180 to 410, while 23 postal agencies were upgraded to sub-post offices and ten sub-post offices to full departmental post offices.

2. Policy Objectives

The main policy objective of the Government during the Plan period will be the expansion and improvement of communication services. Communication facilities are not only still grossly insufficient to meet the rapidly growing industrial, commercial and administrative requirements of the country; they are also still unreliable. Government is determined to reduce or eliminate completely the frequency of jammed telephone lines and complete breakdown in communications system that inhibit efficient economic and administrative activities. It is planned also to extend and improve communication facilities to the rural areas, in order to bring the rural population into the communications mainstream of the country. It is, however, not considered economically feasible, during the Plan period, to embark in a big way on the extension of telephone services to the rural areas. Emphasis will, therefore, be on improving, through marginal investment, communication facilities in the major urban and industrial areas. The basic aim is to concentrate on making existing installations more efficient as well as provide new facilities where they are non-existent.

Of high priority is the restoration of communications system in the war-affected areas such as the rehabilitation of damaged P & T buildings, radio stations, telephone exchanges telephone lines and equipment, etc. Further improvement and expansion of external telecommunication service to link Nigeria with the outside world is also important in Government's programme.

The Government has always insisted that the communications sector be efficiently run. However, it has become apparent in the last few years (especially with the rapid growth of industry, commerce and government) that the communications sector was not meeting the demands on it efficiently. The Posts and Telecommunications Department had been unnecessarily tied too much to civil-service procedures, practices and conventions to be really effective in running the communications industry on the scale expected with the growth of the economy. For this reason, the Government decided in 1968 to convert the P & T into a quasi-commercial organisation, with commercial efficiency and profit as the focus of operation. It was to operate like a statutory corporation or a state-owned company, except that the staff of the new P & T continued to be under the Federal Public Service, and, therefore, subject to the existing Civil Service rules and regulations regarding appointments, promotions and discipline. This last difference has proved crucial to P & T's operations ; it has become inconsistent with its new commercial efficiency and profit orientation since the P & T cannot easily refurbish its operations by attracting the best personnel into the organisation. The Government will therefore re-examine the personnel question and with a view to fully transforming the P & T into a statutory corporation during the Plan period.

3. Capital Programme

The planned capital projects for 1970-74 are designed to rehabilitate, expand and modernise communication services in the country. Total planned expenditure is £42.641 million, disaggregated as follows :

	£'million
Posts and Telecommunications Department	40.386
Nigerian External Telecommunications Ltd.	2.255
TOTAL	£42.641

The Posts and Telecommunications programme consists of the following projects :

(*a*) *Postal Services* : These are mainly of four categories :

(1) repairs to damage done to postal buildings,

(2) construction of new buildings,

(3) modernisation and extension of existing postal buildings, and

(4) conversion of postal agencies to sub-post offices.

(*b*) *Telecommunication Services* : These will cover the following six major areas :

(1) *Telephones* :

(*i*) construction of new automatic exchanges ;

(*ii*) extensions to existing automatic exchanges ; and

(*iii*) construction of new manual exchanges.

(2) *Telegraphs* :

(*i*) replacement of 'torn tape' system with teleprinter automatic switching system, and

(*ii*) conversion of 'key and sounder' circuits to teleprinter working.

(3) *Telex and Gentex* : Expansion of automatic telex services to other centres in the country outside Lagos to provide a country-wide coverage.

(4) *Trunks :*

(*i*) construction of subsidiary radio route to provide trunk services from toll areas to end offices,

(*ii*) construction of open-wire carrier to provide link services to rural areas, and

(*iii*) provision of additional co-axial route ; Lagos-Ibadan-Ilorin-Kaduna.

(5) *External Line Plant :*

(*i*) construction of local line plant network in line with new automatic exchanges ;

(*ii*) augmentation of existing line plant to meet the planned increase in telephone subscribers.

(6) *Communications via Satellite :* Establishment of the Nigerian Satellite Communications Earth Station.

The Nigerian External Telecommunication projects are mainly improvements to and expansion of existing international telecommunication links and extension to the Company's headquarters.

4. Elaboration of Some Major Projects

(*a*) *Posts and Telecommunications Equipment, Building and Plants*—This is a group of projects designed to rehabilitate posts and telecommunication services, building, equipment, etc. in the war-affected areas of the country as well as in other states where these services have deteriorated due to lack of maintenance funds and personnel. The objectives of the rehabilitation and reconstruction projects are two-fold : to provide some form of temporary services in the war-affected areas essential to the revival of industry, commerce and administration, and to restore services to pre-war level and align them with the telecommunications development programme going on in other areas of the country. Implementation of the rehabilitation and reconstruction projects will be synchronised with the overall telecommunications programme. The project is estimated to cost £4.451 million. The various projects subsumed under this allocation will include rehabilitation of postal services (repairs to post office building, replacement of furniture and vehicles), telecommunications rehabilitation (temporary provision of telecommunications facilities and purchase of telecommunications equipment).

(*b*) *National Telecommunications Development, Step III*—This is the largest and most important single project in the sector, and is estimated to cost £17.425 million. The project is already in progress, and the allocation in the Plan is the estimated cost of completing the project. Step III is a phase in the national telecommunications development, the objective of which is to provide an adequate basic system of long distance telephone routes throughout Nigeria. Step I in the 1962-68 Plan connected major cities in the South of the country with long distance routes. Step II was to provide more telephone lines in the major cities along the new routes. Step III is expected to provide long distance routes to connect the South with the Northern parts of the country and so systematize the whole telecommunications services. It will also expand telephone facilities in the urban centres.

(*c*) *Radio Telephone—Telegraph Links between State Capitals and Lagos*—This is to accommodate the new administrative twelve-state structure. The capitals concerned are Sokoto, Kaduna, Maiduguri and Jos. The project is estimated to cost £0.250 million.

(*d*) *Telex and Gentex*—The telex switchboard in Lagos has been replaced by an automatic one, and this project is to provide a reliable, 24-hour, country-wide and fully automatic telex switching for inland services and semi-automatic connection for international services. This is expected to meet the long-felt needs of the business community. The project is estimated to cost £1.658 million.

(*e*) *Co-axial Cable Line, Kaduna-Lagos*—Estimated to cost £3.390 million, the Kaduna-Lagos co-axial cable route *via* Ibadan and Ilorin is the back-bone of the country's telecommunications structure. The adoption of the co-axial cable telecommunication transmission system is expected to improve the present method of radio transmission which has proved unreliable and inadequate to meet the increasing demand for long-distance communications in the country. The new system requires fewer maintenance personnel who can then be re-deployed at Lagos, Ibadan, Ilorin and Kaduna.

(*f*) *Cable Work for Omitted Areas in Step III*—These are additions to Step III project and include areas omitted during the planning stages of the project. Total estimated cost is £0.340 million.

(*g*) *UHF/VHF Radio Link, Lagos-Port Harcourt-Benin*—It is proposed to have a heavy radio route linking Port Harcourt with Benin to join Lagos-Ijebu-Ode-Benin-Eastern States route. The estimated cost is £82,000.

(*h*) *Omitted Areas in Step II*—In planning Step II for Lagos, a number of places were over-looked. These included Apapa, Agege, University of Lagos site, Ikorodu Road, Ikoyi and Victoria Island. These gaps will now be filled by providing for these areas at a total cost of £0.109 million.

(*i*) *Additions to Existing Automatic Exchanges*—This project is estimated to cost £1.152 million and will add a total of 9,650 new telephone lines to existing automatic telephone exchanges.

(*j*) *New Automatic Telephone Exchanges*—Construction of 73 new automatic exchanges is planned at a total cost of £1.750 million and with a capacity of about 72,000 lines. This, as well as project (*i*), are complementary to Step III

(*k*) *Exchange Buildings*—This project is complementary to Step III and is for exchange buildings of 500 to 20,000 lines capacity. Its estimated total cost is £0.342 million.

(*l*) *Mobile Exchange Units*—These will be needed for use in the war-affected areas and in some State capitals where there is a good demand arising from their new political status, and considering that the Exchanges under Step II will not be ready for at least another two years. Eight mobile exchanges estimated at £0.22 million will be acquired during the Plan period.

(*m*) *Communications Satellite Earth Station*—The Government has always shown interest in the use of the satellite communications system as a new tool in the development of telecommunications technology. It has thus participated in the Satellite Telecommunications Programme since its inception. The project was started during the 1962-68 Plan, but the amount spent was for consultancy services, site acquisition at Lanlate, where the station will be located, and electricity supply for the earth station. The estimated £3.385 million is to complete the construction of the main earth station building. Co-axial tubes for transmission and reception of television signals *via* satellite will be provided between the Switching Centre and Lagos 'B' Exchange for onward transmission over P and T microwave system to television stations outside Lagos. Co-axial tubes will be provided direct from the Switching Centre to the NBC-TV station at Victoria Island.

(*n*) *Subscribers' Installation*—This project is estimated to cost £0.425 million and is expected to expand consumer services.

(*o*) *Local Line Plant*—This is to expand the communications cable network for each of the communications toll areas and meet the expected growth in demand for communications services. Its total estimated cost is £3.240 million.

(p) *Workshops—Buildings and Equipment*—Because of the specialised nature of P & T operations, workshops play a vital role in the efficient running of the postal and telecommunications facilities. Specifically, they provide services relating to the maintenance of departmental vehicles, installation and maintenance of electrical generating plants, maintenance of mechanical aids, repair/overhaul of telegraph, telephone and transmission equipment, and production of office furniture, postal fittings, etc. The total estimated cost is £0.786 million. The project will provide adequate facilities for the central workshop in Lagos and the sub- and main-workshops to be built in certain P & T locations throughout the country.

(q) *Stores—Buildings and Equipment*—In addition to reconstruction of stores damaged during the civil war, it is planned to expand some of the existing stores and to build new ones. The total estimated cost for buildings and equipment is £59,000. The proposed locations are Lagos (Apapa and Oshodi), Abeokuta, Jos, Ilorin, Benin, Calabar, Aba, Maiduguri, Kano and Sokoto.

(r) *New Post Office Buildings, Modernisation and Extension of Existing Ones*—This project has in view the improvement and expansion of postal services to meet the expected growth in postal traffic. Planning of this project took into consideration the state of existing local industries, present and possible future industrial growth areas, local population size, possibilities of improved educational facilities and growth in literacy, and the likelihood of diversion of traffic to or from other offices. The whole project is estimated to cost £1.836 million and, on completion, will add about 70 new post office buildings to the existing ones.

(s) *National Telecommunications Development, Step II*—This is to complete the project due for completion during the 1962-68 Plan period but suspended because of the war. The estimated amount to complete the project is £1.964 million and is to cater for the high telephone density areas of Lagos, Port Harcourt and Enugu.

(t) *External Telecommunications*—The projects in this section are intended to further expand and improve the international telecommunications services. The largest project here is the development of the estimated £1.5 million headquarters of the NET Ltd. to ease the current office accommodation problems. The whole of the external telecommunications programme is estimated to cost £2.255 million.

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
I. Posts and Telecommunications Department					
1. Rehabilitation of Postal and Telecommunications equipment, buildings, plants, vehicles, etc.	1.262	0.985	0.204	—	2.451
2. National Telecommunications Development Step III	6.901	3.298	2.000	1.500	13.699
3. Radio Telephone/Telegraph Links between State Capitals and Lagos	—	0.250	—	—	0.250
4. Telex and Gentex	1.300	0.358	—	—	1.658
5. Co-axial Cable Link, Kaduna-Lagos ..	1.500	0.890	1.000	—	3.390
6. Cable Work for Omitted Areas in Step III (Lagos)	—	0.340	—	—	0.340
7. High Frequency Radio Link, Lagos-Port Harcourt	0.082	—	—	—	0.082
8. Omitted Areas in Step II	0.109	—	—	—	0.109
9. Additions to Existing Automatic Telephone Exchanges	0.545	0.200	0.408	—	1.153
10. New Automatic Telephone Exchanges ..	—	0.250	0.500	1.000	1.750
11. Exchange Buildings of 500-20,000 lines Capacity	—	0.135	0.207	—	0.342
12. Mobile Exchange Units	0.220	—	—	—	0.220
13. Communications Satellite Earth Station ..	2.450	0.735	0.200	—	3.385
14. Subscribers' Installation	0.140	0.140	0.145	—	0.425
15. Local Line Plant	0.400	0.400	1.000	1.441	3.241
16. Workshops—Buildings and Equipment ..	0.392	0.100	0.100	0.194	0.786
17. Stores—Building and Equipment	—	—	0.059	—	0.059
18. New Post Office Buildings, Modernisation and Extensions of Existing Ones	0.728	0.200	0.394	0.500	1.822
19. Telecommunications Step II—Completion ..	1.964	—	—	—	1.964
20. 2 New Switching Magneto	—	—	0.750	1.000	1.750
21. Expansion of P and T Training Centre, Oshodi	0.350	0.270	0.260	—	0.880
22. New Auto-Manual Boards	—	—	0.435	—	0.435
23. Auto-Manual Boards—Modifications ..	—	—	0.006	—	0.006
24. Engine Generator	—	—	—	0.049	0.049
25. Others	0.067	0.020	0.053	—	0.140
Total—Posts and Telecommunications ..	18.410	8.571	7.721	5.684	40.386
II. Nigerian External Telecommunications Ltd.					
1. International Automatic Telex Exchange ..	0.080	—	—	—	0.080
2. Interim Upgrading of Nigeria-Dahomey VHF Link	0.015	—	—	—	0.015
3. Telegraph Automatic Message Switching Exchange	—	0.050	0.080	0.050	0.180
4. Internal Telephone Switching Centre Building	—	0.040	0.050	0.050	0.140
5. Replacement of High-power Stand-by Engines for N.E.T. Marina Service	—	—	0.035	—	0.035
6. Development of Marina Site	—	0.200	0.700	0.600	1.500
7. Extension to International Automatic Telex Exchange	—	—	—	0.025	0.025
8. Ikorodu Staff Housing	—	0.010	0.015	0.005	0.030
9. Upgrading and Expansion of V.H. Services to O.A.U. Countries	—	0.005	0.020	0.025	0.050
10. Microwave Line, Nigeria-Dahomey, to connect projected West African Microwave System ..	—	0.100	0.100	—	0.200
Total—N.E.T.	0.095	0.405	1.000	0.755	2.255
Total—Communications ..	18.505	8.976	8.721	6.439	42.641

CHAPTER 21

TOWN AND COUNTRY PLANNING

The essence of Town and Country Planning is to anticipate in physical terms, on the ground, the resultant impact of economic growth and social development. The physical planning involved should not be limited to the beautification and scenic effects of zoning various development and social activities in the area under a given physical Planning Authority. That Authority should be even more concerned with the provision of the connected economic infrastructure and social overheads which will bring the benefits of planned development to the people of a given area.

Thus, when economic planning is cast in terms of its expected physical manifestation, the significance of a development programme becomes clearer and easier to appreciate in real life forms. Physical planning thus provides a kind of visual aid to economic planning.

1. Recent Performance

Although Town and Country Planning was dealt with in the 1962-68 Plan, it did not figure prominently; neither did physical planning receive due attention especially at the national level and in the context of Area (Regional) Development Schemes. However, Town Planning received some attention.

At the Regional Government level, Housing Corporations were established. But their activities were confined mainly to the former Regional capitals, and, in scope, the establishment of middle-class housing estates. It must be emphasized, however, that industrial estates were established both before and during the period, notably at Port Harcourt, Kaduna and Ikeja. In the former Capital Territory of Lagos, the problems were somewhat different. The problems of a small island capital were compounded by rapid urbanisation. The result was serious overcrowding in slum areas and acute shortage of land which has seriously impeded the transformation of Lagos into the modern capital of a potentially rich and great nation.

During the 1962-68 plan period, Federal Government through the Lagos Executive Development Board, established originally as the physical planning authority for Lagos, undertook some demolition of the worst slums, but within a limited area of Lagos island, replacing them ineffectively with shops and office buildings. Over the same period, the Board established industrial estates at Apapa, Iganmu and Ijora as well as residential estates at South-West Ikoyi, Apapa and Surulere. The reclamation of Victoria Island, which started in the mid 1950's, was also completed at a very high cost to the Federal Government.

In terms of proposed capital expenditure, a total of £42.0 million was allocated for Town Planning in the 1962-68 Plan for the whole country. Actual disbursement was, however, only £19.6 million, or about 47 per cent of the allocation. The Federal Government allocated £23.0 million for Housing and Town Planning, but actual expenditure was £14.9 million or about 65 per cent of planned capital expenditure.

2. Policy Issues

The major policy tool for achieving the objectives of Town and Country Planning is the controlled dispersal of social overheads and infrastructural facilities. These must be physically planned in such a way as to coincide with the functional or sectoral planning objectives. Thus, the objective of "even development" can only be given operational meaning and spatial dimensions if the supporting infrastructure and social services are located in order to stimulate development activity in an otherwise dormant area. For the dormant area to be in a position to sustain and benefit from the transport links, power supplies and other facilities carried to it, the physical planner should have been given the opportunity to determine, through appropriate resources survey, what the dormant area can produce with maximum advantage or minimum disadvantage. This is the only way to sustain the growth-inducing infrastructural facilities necessitated by the doctrine of "even development" in the economic sense. Local self development is very important in such a setting, especially where the location and conduct of economic activities are determined primarily by economic considerations.

Community or local development has made some impact on the development of rural communities in Nigeria. In many parts of the country, communities have on their own (and with marginal Government support and assistance) constructed rural access roads and bridges, built schools, community centres, clinics, health centres and even hospitals. It is an objective of Government's policy to sustain these efforts and to foster a more sustained development consciousness among the masses, especially in the rural areas and smaller towns. The Government is convinced that rural transformation would be greatly advanced if the energies and aspirations of citizens can be successfully harnessed for both national and local development. Planning for true development only occurs when there is universal participation by every member of the nation.

In the past, the location of major public-sector projects was often a cause of ethnic and political in-fighting. Part of the explanation for this was the technical failure to spell out the inter-spatial implications of such projects in terms of alternative location costs and benefits. If the various zones or areas of the country were able to identify and direct their energies to the maximum development of those things for which their resources and skills gave them relative advantage within the national context, most of the bitterness and irrational decisions might have been minimised. It is now Government policy that the location of public-sector projects shall be guided solely by economic considerations, except where the differential costs are marginal.

It is generally recognised that developmental impulses generated in the fast growing industrial cities do not reach the areas far away. In order, therefore, to ensure a fairly even geographic distribution of the benefits of urban-based industrialisation, Government will improve and extend transport and communication links not only between one community and another, but between the rural areas and their urban nuclei. The belief is that such facilities will act as 'booster-stations' for transmitting urban-generated developmental 'signals' to the rural communities. Such widespread transport and communication network will also foster regional interaction and national cohesion. In this connection, it is recognised that for historical reasons, the road and rail modes of transportation were made port-oriented in order to facilitate the external trade with the metropolitan country. While produce evacuation and import continue to be important, inter-State Commerce is becoming a major determinant of Nigeria's development process. Transport and communication development must, therefore, be responsive to this change. For example, during the Plan period, emphasis will be placed on the development of both the North-South and West-East directions in the public sector road programme.

3. Land Development

Land utilisation does not normally receive the same attention as other factors of production like capital and manpower. In Nigeria, this omission is perhaps understandable, considering the adequate availability of good fertile land as indicated in Chapter 8. But despite quantitative and qualitative sufficiency on a national scale, problems of functional allocation and of local population pressure are likely to arise in the process of development. This has in fact happened in certain parts of the East-Central State. Here, it is relevant to point out that land is the only factor of production which is absolutely fixed in quantity or area. Additions can be made through reclamation, but the unit costs are too prohibitive to permit more than a marginal

The main problem that arises in the process of plan implementation centres around land acquisition for purposes of executing development projects. Although there is an enabling legislation for purposes of compulsory acquisition of land for public use, the compensations claimed and paid by Government hitherto have generally been much higher than the true opportunity cost of land. To the society as a whole, land should be a free good. The historical upward trend in land prices has been introduced mainly through the activities of land speculators in the urban areas, especially for government-sponsored projects. Even in the rural areas where the opportunity cost is much lower, the absence of a firm land utilisation policy has given rise to exhorbitant and sometimes fraudulent inflation of land prices. Consequently, some of the projects established on such land were over-capitalised right from start, thus prejudicing their economic viability. The various farm settlement schemes of the 1960's are a case in point.

During the Plan period, the Government will reinforce existing legislations on public land acquisition and streamline the compensation procedure with a view to minimising land speculation and eliminating 'unearned' incomes. The intensification of local development consciousness will also help reduce the level of land compensation for development projects. By integrating local government with the development process and by a careful programme of Town and Country Planning, the market values of rural lands will approximate, with time, their true social costs. It is important for public policy that government-sponsored projects should have full and free access at negligible cost to the abundant and undeveloped land with which nature has endowed the country.

For the urban areas, the need to reconstruct war-damaged towns, minimise residential over-crowding and ease the acute transportation bottleneck now give Town Planning a new and urgent importance. In most major Nigerian cities and towns, the tendency is for offices and work places to concentrate in a small segment while workers live very far away with inadequate transportation. The defect in this arrangement is that everyone is moving in the same direction at the same time, with attendant traffic congestion. This can only be corrected through effective Town Planning, especially now that Nigeria is on the threshold of an agro-industrial break-through. During the Plan period, the Government will rationalise land use all over the country and encourage an effective zoning of various areas for economic, educational, social, religious, recreational and dwelling purposes, having regard to the relative social benefits and costs.

4. Housing

Shelter is one of the absolute essentials for the physical survival of man. Housing deficiency in both quantitative and qualitative terms is a universal problem. But given the urban character of industrial activities and the sub-standard conditions of most urban dwellings, accelerated urbanisation poses very serious problems for a nation about to launch into an era of rapid economic and social transformation. In addition, there is the need to replace the dwellings damaged by war and make provision for the housing requirements of the growth in population. But the heavy capital requirements of modern and durable dwelling construction has made housing universally dependent on the provision of credit. The low *per capita* income which characterises the country's relative under-development mean that such credit dependence is much greater still. In view of these considerations, the Federal and State Governments will expand credit facilities for housing construction through loans to Building Societies, Housing Corporations and the various Staff Housing Schemes.

An important, though indirect, way of promoting housing is the provision of both land and building materials at reasonable prices. In order to make up for the short-fall between the domestic production and demand for essential materials like cement, iron rods and roofing sheets, the Government will continue to facilitate the importation of these items through appropriate issue of import licences and the allocation of foreign exchange. Equally important is the industrial programme of the Governments, which includes the rehabilitation of war-damaged cement works and the establishment of new plants, steel rolling mills as well as the proposed establishment of an integrated Iron and Steel complex. All these measures should be adequate to sustain the imminent building boom during the Plan period.

5. River Basins Development

In Nigeria, there is a wide variety of geographic zones ranging from the coastal swamps to the high forest belts, the savannah lands and the semi-desert stretches of the northern fringes. Thus, the country offers much scope for regional development, given the implications of these ecological differences for regional specialisation. Within this wide spectrum, however, multi-purpose river basin development schemes offer even greater exciting promise. Such river basin projects in scope cut across political boundaries and often entail disbursements far beyond the resources of any particular State Government or local authority. The importance of such projects derives from their potential for serving as powerful growth points from which secondary development can be transmitted to surrounding rural areas on an effective and continuing basis.

The Niger Dam project falls within this category, even though its full potentials are not likely to be realised in the immediate future. Apart from electricity generation, the project was designed to promote fishing, flood control, irrigation and the improved navigability of the River Niger. A Kainji Lake Development Commission will be established during the Plan period to exploit and develop the non-power aspects of the Dam Project. The Gongola River Scheme is also being conceived as a multi-purpose river basin project with emphasis on irrigation and fishing, and electricity as a second-order objective.

6. Programmes and Projects

During the Plan period, the Federal and States Governments will disburse £19.075 million for Town and Country Planning. The Federal programme, costing £5.287 million, consists mainly of four projects, namely: Surveys, Housing, Kainji Lake and Gongola River Basin Development Schemes, Grants for Regrouping of Villages and Town and Country Planning.

(*a*) *Survey Projects*—Beginning in 1962, the Surveys Division of the Federal Ministry of Works embarked on a ten-year programme aimed at completing the contour mapping of the country on a scale of 1 : 50,000. At the end of the 1962-68 Plan period, just over 50 per cent of the country had in fact been so mapped.

The mapping already completed indicates that for the densely populated parts of the country, the scale of 1 : 50,000 is not even large enough. It is, therefore, necessary to re-map these areas on the better scale of 1 : 25,000 during the present Plan period. The requirement for re-mapping and the continuation of the surveys and aerial photography programme will cost about £2.0 million over the four years. Provision is also made for the re-establishment of survey markers displaced during the civil war. A capital expenditure of about £3.5 million is to be incurred by States Authorities on various aspects of Survey and Mapping.

(*b*) *Nigerian Building Society*—The Federal Government will participate more effectively in the management of the Nigerian Building Society, whose activities will be expanded during the Plan period. The sum of £0.7 million has been allocated for this purpose as Federal Government's contribution to the proposed reorganisation and expansion. The Society's activities will be extended to all parts of the Federation in the same way as the Nigerian Staff Housing scheme has been directed to extend its loans facilities to enable Federal officials to build or purchase houses in any place of their choice in the Federation.

The Federal Government's direct housing scheme is designed to provide about 90 staff quarters of various sizes in the Lagos area. There are also four blocks of flats to be provided as transit residence for officials of the Ministry of External Affairs and various short-term Government Advisers and Consultants. These staff quarters are designed to reduce considerably Government's rising expenditure on hotel accommodation and maintenance expenses on this class of officers and other entitled officers.

The States Governments will disburse another £0.750 million on direct housing facilities, apart from various policy and institutional support to a number of Building Societies and Housing Corporations.

(c) *Kainji Lake Development and Gongola River Project*—River Basins Development can be a powerful agent for fostering integrated social and economic development in the rural areas of the country. In order to realise the irrigation, agricultural, livestock, fishing, industrial and service potentials of the country's major river basins (beginning with the Kainji Lake and the Gongola River), the Federal Government has earmarked a total sum of £1.5 million for investigations, designs and projects execution during the Plan period. This allocation relates only to the development of those non-electricity aspects of major river basins which are capable of making significant impacts on the rural economies of the surrounding districts.

(d) *Grants for Town and Country Planning*—Geographic zones are as important to country planning as functional sectors are to economic planning. Detailed knowledge of the growth potential of each zone in terms of its resource inventory is very useful for the effective planning of the nation's resources. In particular, the ecological and demographic characteristics of a given area are the necessary basis for the successful planning of that area or region. The Federal Government has made an allocation of £0.220 million to facilitate the systematic provision of the necessary physical data on the relative development potential of different zones of the country on an objective scientific basis. This is a modest beginning in preparation for comprehensive regional planning during subsequent plan periods. In addition to the proposed federal grant to various institutions in this field, the States Governments have also provided about £2.0 million either as grants to local town planning authorities or as direct disbursements for town and country planning.

(e) *Grants for Regrouping of Villages and Hamlets*—One of the obstacles to programmes of rapid transformation of rural communities is the high cost of providing economic and social infrastructures including health, electricity, water, communications and educational facilities in the sparsely-populated areas of the country. As a way of overcoming this difficulty, efforts will be made during the Plan period to regroup villages and hamlets into larger units for purposes of providing such services at reasonable cost. A capital allocation of £250,000 has been made for this purpose.

(f) *Others*—There are a number of other capital expenditure items in this sector such as the development of Land Registries, Layouts for Urban and Rural Development zones, Survey Schools, Study and Design of Master Physical Plans for certain Metropolitan and Residential Areas. The total capital expenditure proposed for these is about £3.0 million.

TABLE 1

Federal Capital Expenditure on Town and Country Planning 1970–74

£ million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. *Surveys*					
(*a*) Re-establishment of Beacons and Markers	0.050	—	—	—	0.050
(*b*) Aerial Photography and Mapping	0.300	0.500	0.445	0.445	1.690
(*c*) Facilities for Training Surveyors	0.020	0.020	0.020	—	0.060
(*d*) Purchase and Installation of Equipment	0.040	0.060	0.060	0.040	0.200
Sub-Total	0.410	0.580	0.525	0.485	2.000
2. *Housing*					
(*a*) Reconstitution and Expansion of Nigerian Building Society	—	0.300	0.200	0.200	0.700
(*b*) Staff Quarters in Lagos	0.200	0.200	0.137	—	0.537
(*c*) Transit Blocks of Flats in Lagos	0.040	0.040	—	—	0.080
Sub-Total	0.240	0.540	0.337	0.200	1.317
3. *River Basin Development* Kainji Lake and Gongola River Schemes	0.050	0.400	0.550	0.500	1.500
4. Grants for Town and Country Planning: Investigations	0.010	0.030	0.080	0.100	0.220
5. Grants for Regrouping of Villages and Hamlets	—	—	0.100	0.150	0.250
Grand Total	0.710	1.550	1.592	1.435	5.287

TABLE 2

STATES CAPITAL EXPENDITURE ON TOWN AND COUNTRY PLANNING 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
Survey and Town Planning (Jos and Makurdi)	0.070	0.070	0.070	0.090	0.300
EAST-CENTRAL					
1. Photogrammetry and Map Production	0.050	0.300	0.050	—	0.400
2. Survey School	0.035	0.035	0.015	0.015	0.100
3. Rehabilitation of Planning Authorities	0.010	0.030	0.030	0.030	0.100
4. Layout of Urban Development Areas	—	0.050	0.200	0.250	0.500
5. Development of Existing State Lands	0.100	0.100	0.150	0.150	0.500
6. Housing Development Authority	0.100	0.050	—	—	0.150
Total	0.295	0.565	0.445	0.445	1.750
KANO					
1. Survey and Mapping Scheme	0.100	0.050	0.050	0.050	0.250
2. Town Planning—Metropolitan Kano	0.300	0.300	0.450	0.300	1.350
Total	0.400	0.350	0.500	0.350	1.600
KWARA					
1. Housing Scheme for Officials	0.070	0.070	0.070	0.090	0.300
2. Township Mapping and Layout of Urban Development Areas	—	—	0.100	0.100	0.200
Total	0.070	0.070	0.070	0.190	0.500
LAGOS					
Housing and Town Planning	0.100	0.100	0.150	0.150	0.500
MID-WESTERN					
1. Town Planning—Warri, Benin, Sapele and Asaba	0.010	0.020	0.030	0.040	0.100
2. Housing Scheme—Warri	0.100	0.120	0.150	0.150	0.520
3. Township Mapping	0.028	0.010	0.020	0.010	0.068
Total	0.138	0.150	0.200	0.200	0.688
NORTH-CENTRAL					
1. Survey and Housing—Kaduna, Zaria and Funtua	0.020	0.025	0.280	0.275	0.600
2. Kaduna Development	—	—	0.500	1.000	1.500
Total	0.020	0.025	0.780	1.275	2.100

TABLE 2—*continued*

FEDERAL CAPITAL EXPENDITURE ON TOWN AND COUNTRY PLANNING
1970–74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-EASTERN					
1. Housing Scheme	0.050	0.100	0.100	0.100	0.350
2. Town Planning	0.050	0.050	0.080	0.070	0.250
Total	0.100	0.150	0.180	0.170	0.600
NORTH-WESTERN					
Surveys and Town Planning—Sokoto, Minna, Gusau, Yelwa and Bida ..	0.040	0.050	0.060	0.050	0.200
RIVERS					
1. Survey Equipment	—	0.050	—	—	0.050
2. Housing Scheme	—	0.100	0.100	0.300	0.500
3. Town Planning	—	0.100	0.100	0.300	0.500
Total	—	0.250	0.220	0.600	1.050
SOUTH-EASTERN					
1. Town and Country Planning ..	0.100	0.100	0.150	0.150	0.500
2. Survey Equipment	0.020	0.025	0.030	0.025	0.100
3. Housing..	0.200	0.200	0.400	0.600	1.400
Total	0.320	0.325	0.580	0.775	2.000
WESTERN					
1. Land Titles Registry	0.030	0.030	0.040	0.050	0.150
2. General Physical Plan for the State	0.020	0.025	0.025	0.030	0.100
3. Plans for Priority Towns	0.002	0.003	0.004	0.005	0.014
4. Layout of Urban Development Areas	0.150	0.150	0.200	0.225	0.725
5. Special Mapping	0.080	0.100	0.100	0.120	0.400
6. New Divisional Offices and Residential Quarters	0.020	0.025	0.025	0.030	0.100
7. Financial Assistance to Planning Authorities	0.200	0.200	0.200	0.350	0.950
8. Development of Survey School, Oyo ..	0.015	0.015	0.015	0.016	0.061
Total	0.517	0.548	0.609	0.826	2.500
Total, States	2.070	2.653	3.944	5.121	13.788
Total, Federal..	0.710	1.550	1.592	1.435	5.287
Total, All Governments ..	2.780	4.203	5.536	6.556	19.075

CHAPTER 22

COMMERCE AND FINANCE

The Commerce and Finance Sector being part of the services infrastructure of the Nigerian economy has been an area of comparatively little or no governmental interference by way of direct participation. Government has hitherto concentrated on making laws to regulate private business operations in the sectors. The policies and programmes in this sector have been reformulated in recognition of its increasing importance in the growth of the economy.

1. Problems and Recent Performance

(*a*) *External Trade*—Nigeria's trade relations with the outside world have been essentially non-discriminatory. Nigeria is committed to a rapid diversification of her export markets from the very narrow British base of the pre-Independence period. To this end, many bilateral trade agreements were concluded in the last decade with various countries. Specifically, there are now trade agreements with many East European Countries like the U.S.S.R., Yugoslavia, Bulgaria and Czechoslovakia.

The country must expand her export base and seek new markets consistent with sound commercial practice. In this pursuit, agreement was also negotiated during the 1962-68 Plan period with thriving trade blocs like the European Economic Community. Active support was also given to efforts to evolve a West African Common Market.

In addition to expanding the direction of trade, efforts have been directed towards diversifying the export commodities. This is aimed at securing increase and stability in foreign exchange receipts and promoting greater linkages in the domestic economy. New lines of export in the manufacturing and crafts sector were also being explored.

Agricultural exports—particularly cocoa, groundnut, cotton, palm oil, palm kernel, copra and beniseed—still constitute the bulk earners of foreign exchange for the country, to the tune of an average level of 80 per cent of total receipts in the early 1960's. Most of these commodities fall under the list of controlled produce by the Marketing Boards. Their marketing, from the crop purchasing stage to the final shipment to overseas customers is effected through a Marketing Board System. This system consists of (*a*) a set of State Marketing Boards which have responsibility for all activities connected with the purchase of crops in their respective States and transportation of these crops to the port of shipment, and (*b*) the Nigerian Produce Marketing Company Ltd., a monopoly company jointly owned by the State Marketing Boards, with responsibility for the final shipment and sales of produce to overseas customers.

This arrangement has great significance for the country's external trade policy, since together the Marketing Boards form the major executive arm for policy decisions relating to export trade. It also has relevance for the country's monetary and fiscal policy directions, by virtue of the Marketing Boards' direct influence over the farmers' incomes through the fixing of producer prices for export crops. Thus, the functions of the Marketing Boards pre-suppose close liaison between the Nigerian Produce Marketing Company and the Federal Government (which has exclusive responsibility for general policy relating to external trade). Unfortunately, this relationship has not been as close as it could have been, with adverse consequence for policy and performance.

The present system derives from a pattern which was evolved after World War II under the Colonial Administration. Until the constitutional changes of the 1950's which strengthened the Regional Governments, the marketing arrangement consisted of Commodity Marketing Boards for each of the major products; viz. cocoa, groundnut, cotton, and palm produce.

These Boards were responsible for all marketing activities down the line from purchase of crops to final shipment overseas. At the selling stages, they were assisted by a London-based company, the Nigerian Produce Marketing Company Ltd., which was completely owned by the Commodity Marketing Boards. The Company acted as the selling agent and provided expert advice to the Commodity Boards on the best markets, having the vantage point of being nearer the capitals of the main consumer countries.

From 1953 onwards, however, the Commodity Boards were replaced by Regional Boards each of which had responsibility for all the controlled export produce within its area. In addition, a Central Marketing Board under the control of the then Federal Government was formed to provide the machinery for the co-ordination of selling shipping and financial arrangements connected with the exporting of produce purchased by the Regional Marketing Boards. Further constitutional developments in 1958 led to the establishment of a Nigerian registered company parallel to the London-based one, but retained the name of Nigerian Produce Marketing Company. This Company, a private limited liability Company, took over the functions of the Central Marketing Board and also the marketing functions of the London-based company. The London company thus ceased to exist as a separate entity and instead became an overseas selling branch of the new Nigerian company.

What is significant today is that the existing system is not different from what it was in 1958, except that the Boards operate under a new setting. The States (Regional) Marketing Boards still have responsibility for producer-price fixing and for the purchase and transportation of produce in their respective areas of influence to the ports of shipment. They own the Nigerian Produce Marketing Company by providing its share capital and indirectly controlling it as its Board of Directors. The Nigerian Produce Marketing Company also still retains the sole right of marketing all produce purchased by the State Marketing Boards abroad.

This arrangement was probably understandable in a colonial setting, when external trade was carried out at the pleasure of the Metropolitan power. The Nigerian Produce Marketing Company was given considerable independence on the surface, but invariably its operations were guided by powerful political and commercial interests in Europe and particularly in London. What was lacking in the new setting for an independent country from 1960 onwards was the absence of a direct link, at policy level, between the Federal Government and the Nigerian Produce Marketing Company. The constitutional developments which led in 1958 to the abolition of the Central Marketing Board and the transference of its powers to the new Nigerian Produce Marketing Company deprived the Federal Government of vital controlling powers over the activities of the Nigerian Produce Marketing Company. Only the powers of prescribing grades and standards of quality for produce purchased by the States Marketing Boards were vested in the Federal Government through the Federal Produce Inspection Service of the Ministry of Trade. The Nigerian Produce Marketing Company received in 1958 all the residual powers of the extinct Central Marketing Board, with all the discretionary powers as to its marketing operations. Any controlling powers over the activities of the Nigerian Produce Marketing Company resided with the States (Regional) governments whose Marketing Boards own the Nigerian Produce Marketing Company and provides its Board of Directors.

Thus, there was the curious situation whereby 80 per cent of Nigeria's exports were controlled by an organisation which the Federal Government, responsible for external trade policy, did not control. It was patently an unsatisfactory position. The need for reform has, therefore, engaged the active attention of the Government in recent years.

(*b*) *Domestic Trade*—Government has to some extent intervened to regulate operations of domestic trade. Realising the importance of commerce for the livelihood of a large section of the Nigerian public, the historical dominance of this sector by expatriate business and the financial constraint on indigenous business which places the Nigerian on a poor competitive level with his expatriate counterpart, Government has veered policy towards the general exclusion of expatriate business in some areas of distributive trade. This is an area of commerce easily within the reach of the local trader with only a little back-up capital. But even in this area, Government still makes allowance for concerns like expatriate super-markets involving large initial capital investiment which the average Nigerian may yet be unable to provide. Given the dynamism of Nigerian businessmen, however, the continued existence of this generous allowance had become increasingly and rightly challenged.

(c) Commercial Banking and Financial Institutions—In the early days of commercial banking in Nigeria, Government's attitude to this foreign private-dominated sector had bordered on extreme *laissez faire*. It was not until 1952 that the Government stepped in with a series of regulations to rationalise the procedure for the establishment of commercial banks which, hitherto, had been rather chaotic. Successive governments from 1952 retained interest only in ensuring orderly operations in the sector, but without going into real competition with the private businesses operating there. However, through a succession of legislations culminating in the Banking Decree of 1969, the banking business in Nigeria has now been put on a better footing.

The Banking Decree of 1969 introduced the following regulations :

(*i*) To operate banking business in Nigeria, a company must be registered in Nigeria.

(*ii*) It must have a minimum capital base of £300,000 for indigenous banks and £750,000 for expatriate banks.

(*iii*) The Central Bank would assume operational control of a bank which in the Government's view is operating in a manner detrimental to the interests of its customers.

(*iv*) Definition of banking business is to include discount and acceptance houses, building and loan societies and other forms of financial institutions ; thus placing them more effectively under the control of the Central Bank.

In the case of investment banking, otherwise called development banking, the Government had realised during the 1950's the necessity for direct participation in order to promote capital investment, particularly in industries. All the former Regions of the Federation, for example, had their Development Corporations ; viz the Northern Nigeria Development Corporation, the Western Nigeria Development Corporation, the Mid-Western Nigeria Development Corporation, and the Eastern Nigeria Development Corporation. These Development Corporations had the task of investing in industrial undertakings with funds provided principally by the respective governments. In addition, institutions were established to grant soft loans from funds provided by the governments to private Nigerian businessmen. In the Western Region, for example, there was the Western Nigeria Finance Corporation and at the Federal level, the Federal Loans Board. The role of the Government was thus two-fold : to invest directly in industries and to provide long-term loans for indigenous entrepreneurs.

In the early 1960's, it became obvious that due to deficiencies in their organization and mode of operation, these Corporations were not adequately meeting the country's development financing needs as originally hoped. Part of the answer was found in the creation of a Federal autonomous development bank, largely funded by the Government. This was intended to provide loans, and sometimes equity for indigenous entrepreneurs, as well as to encourage the inflow of foreign investment capital into Nigeria through its power to borrow in the international capital market under Government guarantee and to invest directly in foreign-sponsored projects. It was as a result of this that the Nigerian Industrial Development Bank (N.I.D.B.) was created through the take-over and re-organization of the foreign privately-owned Investment Company of Nigeria (I.C.O.N.).

Since its establishment in 1964, N.I.D.B.'s performance has on the whole been successful, given the various and unusual problems with which it was beset during the teething years of trying to develop an effective and well-staffed organization and of establishing a good reputation among Nigeria's entrepreneurs and industrialists. Its problems were aggravated by the civil war. It succeeded in obtaining a loan of about £2.4 million in 1966 in foreign currencies from the World Bank Group and negotiation for another loan of about £3.57 million was concluded in August 1970. Up to the end of 1969, it had sanctioned loan and equity investments of about £8.13 million in 60 different companies. Out of this sum, about £5.6 million has been disbursed.

There has, however, been a noticeable tendency for the N.I.D.B. to place a major share of its investments in foreign-owned enterprices, ostensibly because private Nigerians with accumulated capital and know-how required to sponsor industrial projects are hard to come by. This situation is unsatisfactory, if only for the simple reason that most of the profits made by the N.I.D.B. as well as those of its clients accrue to foreigners, in spite of the fact that most of its investment funds are provided by the Government or through Government patronage. There has not always been the fullest co-operation between the N.I.D.B. and the Government, particularly in the promotion of certain vital large-scale industries. The Bank has mainly, for institutional reasons, failed to respond suitably to the investment needs of promising smaller-scale indigenous industries.

As part of its programme of reforming and expanding financial institutions, the Government took steps to encourage the establishment of money and capital markets. Before 1960, most of the commercial banks' surplus funds were invested in liquid assets abroad. To obviate this, Government aided the establishment of the Lagos Stock Exchange and created an environment favourable for the operation of other financial institutions such as the building societies, discount and acceptance houses, and hire-purchase and insurance organizations.

2. Policies and Objectives

One major lesson to be drawn from the analysis of recent experience in these service sectors is that Government's involvement has been largely absent and, where present, has been inadequate. To obtain better results from the activities of these sectors, it is clear that the Government should be more and more directly involved; that an increasing share of the activities should be under Nigerian control; and that Nigeria should benefit more from the returns generated by the sector.

(*a*) *Marketing System for Major Commodity Exports*—Attention is already focussed on a review of the relationship between the Federal Government and the Nigerian Produce Marketing Company. It has been shown that organisational reform is necessary with a view to streamlining the activities of the Nigerian Produce Marketing Company in order to dovetail more easily with the external trade policies and general development objectives of the Government. It is also felt that the present functioning of the Marketing Boards system is not sufficiently harmonized to reflect their increasing significance for the nation's monetary, fiscal and developmental policies. For example, it is inappropriate to have different producer prices for the same export commodity in an integrated economy beyond what natural transport differentials may dictate. Wide price differentials pursued by different State Marketing Boards may undermine production efficiency by giving discriminatory pricing incentives. It may also negate the efficiency of particular Federal fiscal and monetary policy measures.

During the Plan period, the following areas of policy reform will engage the active attention of Government:

(*i*) Producer-price fixing will be organised in such a way as to ensure uniformity for the same commodity as well as take into account the national fiscal policies and the monetary requirements of the economy. It is hoped that the arrangement will also remove the determination of farmers' disposable incomes from the arena of local political controversy or sectional considerations.

(*ii*) There will be increased Federal Government control over the trading policies of the Nigerian Produce Marketing Company as the marketing arm of the State Marketing Boards. In this connection, the appointment of the Permanent Secretary of the Federal Ministry of Trade (as Chairman) and representatives of the Federal Ministries of Finance and Transport as Board members is indicative of the new policy direction. The same is true of the powers of general directive to the Company, given to the Federal Commissioner for Trade in matters relating to the export of Nigerian produce.

(*iii*) The State Marketing Boards by virtue of their greater proximity to the farmers will continue to retain their functions. These functions, over which they will continue to have major pre-occupation, include the creation of reserve funds for stabilising producers income; assistance to State Governments by way of general and specific grants for development; stimulating production through subsidies to producers for various inputs of materials; providing financial credit and skills; and organising the efficient purchasing and transportation of produce.

(*b*) *Export Promotion*—Although Government is committed to both expanding the export market base and diversifying the export goods, it has not hitherto done very much directly to encourage this process. Potential Nigerian exports suffer from lack of adequate information in overseas markets.

Reform measures during the Plan period will include the setting up of a National Export Promotion Council to explore practical and fruitful ways of increasing various lines of export, seek new foreign markets, raise the quality of export products, streamline the export administrative process and keep in constant review the nation's exporting effort. Quarterly Market Intelligence Reports will also be issued by a new section of the Federal Ministry of Trade in liaison with Nigerian Missions abroad. Operationally, this scheme involves a department in all the major Nigerian Missions abroad keeping constant watch on developments in the national and international markets in their areas of location. Nigeria's products, particularly the new range of manufactures and crafts will be actively publicized in order to secure new markets and better prices.

Nigeria's potential is not yet properly and fully tapped. The opportunity cost in terms of foreign exchange earnings lost must be enormous. The missing factor has always been a vigorous export promotion activity. The line of feasible exports include a long list of local manufactures and various crafts of intense fascination to foreign buyers. Examples of such leading exportable crafts are traditional printed and woven cloths such as *adire, aso oke and akwete*, as well as various kinds of carvings. Nigeria's participation in several Trade Fairs, while helpful, has proved not adequate by itself to garner vital markets.

During the Plan period, the Government will reverse this rather relaxed attitude to export promotion, organise and create the necessary incentives to exploit the country's export potential, particularly in the non-traditional and non-Marketing Board produce. In pursuance of this, existing industries which have hitherto remained lukewarm to the challenge of export promotion by continuing to take cover under the less demanding domestic market, will be induced to be more outward looking in their marketing strategy. The proposed National Export Promotion Council will have among its functions, responsibility for making recommendations to appropriate Governmental, industrial and commercial concerns about measures to facilitate the production of exportable goods, easier and cheaper movement of exports to ports of shipment and to foreign destinations, and making appropriate financing arrangements to strengthen

Nigeria's competitive ability abroad. In addition to tax incentives to stimulate export, the promotion activities will include the establishment and operation of an export guarantee insurance scheme, as part of the activities of a proposed National Credit Guarantee Corporation.

(c) *Domestic Trade.*—As stated earlier, Government has done little beyond making marginal laws to regulate internal trade. A sizeable proportion of the distributive trades is still handled by expatriate firms, especially at the wholesale level. Much of the benefits accruing from the industry are transferred abroad as repatriated profits.

Henceforth, the Government will take various measures to correct this situation, indigenise completely the sector and promote greater efficiency in the distributive trades. These measures will include the establishment of larger indigenous Co-operative organizations, the provision of facilities designed to divert operations increasingly to Nigerians, and the promotion of more effective competition in the industry.

The Government will, in addition, take steps to contain abuses of the agency system in the distributive trades. Apart from highly technical and complex goods like plant, machinery and specialised transport equipment, the sole agency system that also tends to reserve distribution to expatriates will be discouraged.

Expatriate quotas will be denied for general distributive trades, whether wholesale or retail. Inspectorate Services will also be established under the Ministry of Internal Affairs to carry out post-grant inspection of expatriate quotas in order to ensure, *inter alia*, that expatriates allowed into the country for one purpose do not branch into any form of distributive trades, wholesale or retail, directly or indirectly.

The existing Commercial Laws of the country were adopted directly from the British. During the Plan period, the Commercial Law Revision exercise, already begun, will be intensified with a view to adapting and "indigenising" the whole fabric of commercial legislation and practices—Copyrights, Patents, Trade Marks, Hire-Purchase, etc.—in a manner consistent with the national objectives and priorities for accelerating economic development and social change.

(d) *Standard and Quality Control.*—The expanding volume of commercial activities in the economy in response to expanding production all round, demands that better storage facilities and quality standards be designed and maintained. This is particularly crucial in respect of various agricultural commodities produced both for the export and domestic markets. The present inadequacies of reliable and proper storage facilities sometimes lead, in the case of export products, to frequent deterioration in quality with resultant loss in export revenue. In the case of domestic crops, no sizeable buffer stocks are maintained, resulting in rather wide seasonal variations of market supply, and hence of prices. With better storage and quality control services, it would become possible to maintain a steady flow of produce into the market throughout the year, contain seasonal fluctuations, secure better average returns, gain wider markets and stabilise incomes.

On quality control, Nigeria has the basic enabling measures under the Produce Enforcement of Export Standards Act of 1959 and the Pest Control Decree. The State governments carry out initial inspection and grading of produce at source, while the Federal Produce Inspection Service has responsibility for prescribing grades and quality standards for export produce, as well as cross-checks, at the ports of shipment, of the initial gradings done by the State Services. Nigeria does not yet belong to the International Standards Organisation. But during the Plan period, the Government will set up a Standards Committee to prescribe produce standards for both export and domestic industrial raw materials, as well as link up with the International Standards Organisation.

(e) *Commercial Banking and Financial Institutions*—In spite of the long recognition of the existence of financial constraints on indigenous businessmen deriving partly from their historically poorer background but mainly from the discriminatory practices of the foreign-dominated commercial banking system, Government has not done much directly to correct the situation. Nigerian businessmen have often been short of funds, not necessarily because short-term money is scarce but because they do not meet the stringent requirements for bank advances.

During the Plan period, the Government will take measures to facilitate better financing of indigenous businessmen engaged in the distributive trades and in smaller-scale industries. At the State level, where existing facilities are also inadequate, the establishment of State-controlled commercial banks will be encouraged to complement existing ones and promote short-term financing for local businessmen.

Past Government attempts to operate development financing institutions did not meet with resounding success. To remedy this, the Nigerian Industrial Development Bank was established in 1964. In spite of the progress which the Bank has made since its inception, some defects have emerged in its coverage and operation which need to be remedied. As indicated earlier, these include :

(*i*) relative sparseness of private Nigerian-sponsored projects, with the result that a major share of N.I.D.B.'s investments goes to foreign-owned projects, and

(*ii*) the inadequate involvement of the Bank in the promotion and implementation of certain vital government-sponsored industrial projects.

During the Plan period, the activities of the N.I.D.B. will be rearranged such that :

(*i*) the Bank will become increasingly involved in the financing of viable public-sector projects. Besides other benefits to be derived, this will help to raise the level and extent of N.I.D.B.'s investment in Nigerian-owned enterprises ;

(*ii*) the Bank's local currency resources will be increased by about £3 million as loan from the Government, to enable it make more meaningful investments in various industries controlled by Nigerians or with at least 55 per cent Nigerian ownership. It will also help the Bank to have a better geographical spread in its investment operations ;

(*iii*) the Bank will finance indigenous smaller-scale industrial projects on an impressive scale as part of a scheme for the Development of Small-Scale Industries.

(*f*) *Trade Agreements*—Nigeria's policy is to trade with all countries in a free and open system of international exchange. But given the contemporary realities of world trading organisation, Nigeria has sought trade agreements on both bilateral (as in the case of East European Countries) and multilateral (as with the European Economic Community) bases. In doing so, the interest of other African countries has always been fully borne in mind. There is much room for improving and expanding trade between Nigeria and the East European countries. In this respect, the set of bilateral Trade Agreements will be kept under active review to ensure reciprocity of treatment and to further bridge the gaps in trade and payments.

The E.E.C. countries have become increasingly important to Nigeria's external trade. It was in the light of this that an Agreement was signed in Lagos in July 1966 between Nigeria and the European Economic Community. The Agreement was to become operative on the first day of the second month following the date on which the instruments of ratification and the act of notification of the conclusion was exchanged in Brussels. The Agreement was scheduled to expire at the end of May 1969 but subject to renewal, the negotiations for which were to commence a year before its expiry date. The Agreement, in retrospect, remained only a paper document, as two member countries of the Community—France and Luxembourg—failed to ratify it before the expiry date.

What Nigeria sought was the protection of her trade with the Community, which trade forms a third of the country's external trade. The protection would have been on the primary and semi-processed goods. For the semi-processed and processed goods particularly, as the following examples show, the Community's common external tariffs are punitively discriminatory and highly protectionist :

Raw Products	*Duty Rate %*	*Processed Products*	*Duty Rate %*
Groundnut	0	Groundnut Oil.. ..	17
Cocoa Beans	5.4	Cocoa Paste	25
Palm Nut	0	Cocoa Powder	27
Palm Kernel	0	Palm Oil	4-9

During the Plan period, Nigeria will continue to explore practical ways of eliminating all foreign discriminatory policies and measures against her external trade. Otherwise, the nation's efforts in export promotion and production cost efficiency will be frustrated. Always in the spirit of African economic co-operation, Nigeria will continue to work for the long over-due liberalisation of world trade and payments, a process so vital to the growth and modernisation of African countries.

3. Programmes and Projects

In addition to or as an elaboration of various measures and programmes stated above in the areas of Commerce and Finance, the following major projects deserve specific mention :

(*a*) *National Credit Guarantee Corporation*—At an estimated cost of £2.0 million, this project is designed to provide much-needed facilities for bill discounting and export insurance. Operationally, it will provide insurance cover for exporters against such risks like insolvency of foreign importers and unexpected changes in import regulations of importing countries. Such backing will not only directly stimulate export promotion but also facilitate credit operations through discounted commercial bills, especially for the indigenous businesses.

(*b*) *Small-Scale Industry Loan Scheme*—This is a programme to bridge the present wide gap in the financing of indigenous industrialists who have little or no access to the capital lending operations of existing financial institutions. For example, the minimum amount of financial participation in a project by the N.I.D.B. is £10,000, which puts N.I.D.B. funds beyond the reach of many potentially promising Nigerian businesses. The scheme will be operated as a separate department under the general management ambit of the N.I.D.B. which will also provide necessary technical support. It will be fully integrated with the similar schemes being undertaken by some State governments during the Plan period.

(*c*) *National Supply Organization*—Proposed at an estimated cost of £2.5 million, this is to absorb the present Bulk Purchasing Unit of the Federal Ministry of Trade and operate on an enlarged scale. This Organisation is expected to handle all purchases by Government and quasi-government Departments and to operate with respect to both import trade and local manufactures. It will have offices in all countries from where the bulk of Nigeria's imports come and will be run on a purely commercial basis.

(*d*) *Commercial Education*—Realizing that lack of the requisite knowledge impair the growth of Nigerian businesses, Government will establish within the National Supply Organization, a Business Management and Training Division to train salesmen who in turn will educate Nigerian traders on modern trading practices. More intensive courses in business management, marketing, salesmanship, book-keeping, etc. will also be arranged for more promising and dynamic traders.

(*e*) *Information Bureau*—The Trade Information Section of the various Government Ministries of Trade will be reorganised to provide regular and better channel of communications between the Ministries and the businessmen, and to explain fully all Government measures affecting wholesale and retail trades.

(*f*) *Shopping Centres*—In response to enlarged demands and growing urbanisation, there is need for the development of commercial centres in the form of "Commercial Estates". Such centres would be designed to include department stores, supermarkets, banks and catering services. Preferences would be given to Nigerian operators in allocating space in these urban commercial estates. The centres would be located in the major cities and industrial towns by State authorities. To facilitate study, design and layout of such centres, the Federal Government will make grants available to State authorities as counterpart contribution for potentially viable projects.

(*g*) *Tourism*—In furtherance of its responsibility for the development of tourism in Nigeria, the Federal Government has commissioned a study of the country's tourist potentials, to be undertaken early in the Plan period, by a team from the African Development Bank. On the submission of the team's report, the capital requirements of the tourist industry will be worked out and financial allocations made through the Capital Estimates.

(*h*) *Trade Fair*—In pursuance of its industrialisation and export promotion drives, the Government will stage a major Trade Fair in Lagos in the last year of the Plan. It would be designed as a fitting climax to various industrial and commercial promotional activities of both the public and private sectors during the Plan period.

(*i*) *Other Projects*—All governments will intensify their efforts to encourage the creation and expansion of financial institutions throughout the country. During the Plan period, many State governments will establish credit institutions in pursuance of the policy to supplement substantially the credit facilities available to small-scale indigenous industries.

TABLE 1

PROGRAMMES AND PROJECTS FOR COMMERCE AND FINANCE FEDERAL GOVERNMENT, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
A. COMMERCE :					
1. National Supply Organization ..	0.800	0.500	0.600	0.600	2.500
2. Nigerian 1974 Trade Fair	—	0.100	0.500	0.200	0.800
3. Grants for Layout of Shopping Centres in the States	0.200	0.200	0.200	0.200	0.800
4. Nigerian Stored Produce Research Institute	0.040	0.020	0.020	0.020	0.100
5. Federal Produce Inspection Services	0.150	—	—	—	0.150
6. Weights and Measures	0.020	—	—	—	0.020
SUB-TOTAL	1.210	0.820	1.320	1.020	4.370
B. FINANCE :					
1. National Credit Guarantee Corporation	—	0.500	1.000	0.500	2.000
2. Small Industry Credit Scheme (N.I.D.B.—Managed)	0.500	0.500	—	—	1.000
3. Small Industry Credit Scheme (Federal Grants to State Schemes)	0.600	—	—	—	0.600
4. Loans to N.I.D.B. for Public Sector Industrial Projects	1.000	1.000	1.000	—	3.000
SUB-TOTAL	2.100	2.000	2.000	0.500	6.600
TOTAL	3.310	2.820	3.320	1.520	10.970

TABLE 2

Programmes and Projects for Commerce and Finance
State Governments 1970-74

£'million

State	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	0.040	0.020	0.020	0.020	0.100
East-Central	1.180	0.180	0.130	0.110	1.600
Kano	0.200	0.400	0.440	0.500	1.540
Kwara	0.300	0.400	0.500	0.500	1.700
Lagos	0.050	0.050	0.050	0.050	0.200
Mid-Western	0.140	0.190	0.050	0.050	0.430
North-Central	0.100	0.050	0.050	0.050	0.250
North-Eastern	0.040	0.020	0.020	0.020	0.100
North-Western	0.050	0.050	0.050	0.050	0.200
Rivers	0.050	0.050	0.050	0.050	0.200
South-Eastern	0.020	0.030	0.025	0.025	0.100
Western	1.125	0.125	0.125	0.125	1.500
TOTAL	3.295	1.565	1.510	1.550	7.920

TABLE 3

Programmes and Projects for Commerce and Finance
Total Public Sector 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
Federal	3.310	2.820	3.320	1.520	10.970
States	3.295	1.565	1.510	1.550	7.920
GRAND TOTAL	6.605	4.385	4.830	3.070	18.890

CHAPTER 23

EDUCATION

There is considerable controversy about what the objective of educational development should be. Some have suggested that education should be provided for its own sake, as a means of enriching an individual's knowledge and developing his full personality. This concept of education has lately influenced educational policies in some advanced countries of the world. Others, on the other hand, hold that education should seek to prepare people to undertake specific tasks and employment functions which are essential for the transformation of their environment. The two points of view can be restated in terms of the conflict between regarding education as a consumer good and regarding it as a capital good. Nigeria should in her stage of development, regard education as both.

The concept of education as a capital good is linked with the concept of 'human capital' which attaches high premium to human skills as a factor of production in the development process. A corollary of this is that human skill or productivity is just as important an input in the process of development as finance, natural wealth and physical plant. Because education plays a most important role in the creation and improvement of 'human capital', its relevance and importance to development is now very well recognised in development planning. Experience of developing countries during the past three decades has indicated that shortage of talents and skills needed for development can decisively retard economic progress.

Therefore, a country like Nigeria cannot afford to leave education to the whims and caprices of individual choice. Available resources for development are highly limited. Public policies in the field of education must therefore take full account of the needs of the country in terms of developmental manpower and skills.

One major focus of educational policy in Nigeria has been the ultimate provision of formal education to every child of school going age to at least primary school level, on the ground that universal education is very vital in improving people's receptiveness to new ideas. The other objective of educational policy is the creation of an adequate stock of skills needed in the process of social and economic development.

1. Performance of the Education Sector

From 1951 onwards, the Federal and the then Regional Governments had concurrent constitutional and administrative responsibility for educational development. During the 1962-68 Plan period, the Federal Government was responsible for education in the Capital territory of Lagos as well as for certain higher education institutions. The Regions had primary responsibility for education in their areas. In addition to special Federal Government responsibility over Lagos, it was committed to programmes of assistance to the educational development of the Regions.

During the last Plan period, a total capital expenditure of £45.65 million was incurred in the implementation of Federal and Regional Governments' Programmes in the educational sector. This represents 65.2 per cent of the total planned estimate of £69.763 million. The Federal Government alone spent £24.678 million as against the £29.154 million estimated. The Regional Governments together incurred a total capital expenditure of £20.976 million out of the £40.7 million planned. These figures indicate some considerable degree of underspending, especially at the regional level.

Programmes of primary education during the last Plan period aimed at considerable increase in primary school enrolment. In 1961, total primary school enrolment in the country stood at 2.8 million. By 1966, it had reached 3.0 million and by 1968 an assumed total of

3.1 million had been attained. The Northern States and Lagos accounted for the bulk of the increase in enrolment during the period.

There was relatively less expansion in secondary education during the last plan period. Total enrolment in secondary schools was about 195,000 at the beginning of the plan in 1962. By 1966, it had risen to 211,000, reaching an estimated total of 215,000 in 1968. Considerable efforts were made during the period to expand sixth form classes, although the failure rate at the final examinations was rather high.

Some noticeable expansion in teacher training took place during the plan period. One of the most significant developments was the establishment of an Advanced Teacher Training College by the Federal Government to train non-graduate teachers. The Regional Governments also stepped up their teacher training programmes in an endeavour to meet the increasing demand from primary and secondary schools. To improve the quality of teaching, measures were taken during the period to abolish Grade III Teachers' Colleges throughout the country and upgrade the quality of existing Grade III Teachers.

Enrolment in technical and vocational schools in the country was about 6,000 in 1962, rising to 10,000 by 1966 and an estimated 12,000 in 1968. Five fully equipped Technical Colleges were in operation during the period. However, the Colleges suffered from inadequate teaching staff, leading sometimes to withdrawal of some essential courses.

There was rapid development of the Universities during the last plan period. Total enrolment rose from about 3,600 in 1962 to 8,600 in 1968. But for the closure of one of the Universities during the last two years of the period, total enrolment would probably have reached the 10,000 level planned for 1968. A significant trend in the development of the Universities during the period was the increasing enrolment for courses in Science, Engineering and Technology.

2. Some Problems in the Education Sector

In spite of the rapid expansion in the education sector during the last plan period, some vital problems affecting development in the various levels of education remain. They include the following list :

(*a*) *Low Level of Enrolment*—Although there has been significant development in formal education over the past two decades, only a small proportion of the population has had the benefit of formal education. In 1966, the primary school enrolment ratio for the nation as a whole was about 30 per cent. In other words, in the primary school age-group less than 1 child in 3 was in school. As a yardstick, some advanced countries have virtually achieved a ratio of 100 per cent at this level. At the secondary school level the ratio was only about 3 per cent, compared with the ratio of about 60 per cent which has been attained in some advanced countries. Furthermore, serious imbalances in educational development exist among different areas of the country. Enrolment ratios at primary school level range from a low of 4 per cent in some areas to a high of 70 per cent in others. Similarly for the secondary school level, the range is between 0.4 per cent to 12 per cent.

(*b*) *Qualitative Defects in the Educational System*—The sharp increase in primary school enrolment over the past two decades has been accompanied by a high drop-out rate in primary schools in various parts of the country. This has been more marked in areas where free primary education schemes have been in operation. This problem has been traced to inadequate facilities and poor quality of teaching, which are to a large extent reflections of poor financing. Another qualitative defect in the system is the inadequate exposure of secondary school products to essential school subjects, such as Science and Mathematics which are basic to enrolment for higher technological and scientific studies.

The result is that too few students with qualifications in these subjects leave secondary schools. This, in turn, tends to limit enrolment for the Science and Technology courses in the Universities, courses which are crucial in meeting essential high-level manpower needs of the economy.

(*c*) *Unplanned and Unco-ordinated Expansion of Different Levels of Education*—The considerable expansion in primary education was not accompanied by a proportionate expansion in secondary education. This has resulted in serious unemployment among school leavers, since the existing secondary school facilities are very inadequate to meet the considerable out-turn from primary schools.

(*d*) *Shortage of Teaching Staff*—One of the major constraints on the desirable development in primary and secondary education in the country is the serious shortage of qualified and competent teaching staff. The Emergency Teacher Training Programme introduced during the late 1960's is a recognition of the serious nature of the problem. About 2,000 potential graduate teachers have already been trained or are currently under training under this Emergency Teacher Training Programme, financed by the Federal Government.

(*e*) *Creation of States*—The creation of twelve States has shown in bolder relief, the problems of educational development in many areas of the country. The emerging needs of the public services of the new States have tremendous implications for education and training. Another dimension of the problem is the imbalance among the States in the availability of requisite expertise and skills. While some States have a surfeit of some skills, others, particularly the Rivers and Lagos States and some of the Northern States, are experiencing shortage in similar fields. These have given rise to the persistent problems of educational gap among the different geographical areas of the country and the attendant issue of free mobility of skills from one part to any other part of the country.

3. Educational Policy

One primary objective of the current Plan with respect to education is the restoration of facilities and services damaged or disrupted by the civil war. Another major objective is the development and expansion of education at various levels in order to achieve higher enrolment ratios as well as improved quality at these levels while at the same time, reducing the educational gap in the country by "levelling upwards".

In specific terms, the main policies in the education sector during the Plan period are as follows:

(*a*) Formulation of measures to restore and reactivate educational facilities and services disrupted in the war-affected areas. This policy envisages specific Federal assistance to the States affected by the war.

(*b*) Continued development and expansion of primary education. The various State programmes contain measures which aim at considerable expansion of primary education. These measures range from the extension of existing schools to the establishment of new ones. To supplement these efforts, the Federal Government will continue its financial assistance to States with very low enrolment ratios. An objective of policy in this regard is to achieve a national minimum enrolment ratio of 50 per cent at the primary school level in the mid-1970's.

(*c*) Development and expansion of secondary education to meet increasing demand from products of the primary schools. Both Federal and States Programmes envisage considerable expansion in secondary education during the Plan period. Additional streams to the existing classes are planned, while the establishment of new schools is to be undertaken. In the Federal-run schools, it is hoped to increase enrolment in Forms I-V to four streams in each Form, while a total enrolment of 1,000 is aimed at in each school, including the Sixth Form class. Substantial expansion in the facilities for the teaching of Science and technical subjects is also planned. In addition, the Federal Government is to continue giving financial assistance to States with low secondary school enrolment ratios. The aim of policy is to achieve a national minimum ratio of 25 per cent at the secondary school level before the end of the 1970's.

(*d*) Continued development and expansion of technical education. The current shortage of middle-level manpower is acute for well-trained technical personnel. Proposed Federal and States Programmes envisage considerable expansion at this level of education consistent with the needs of the manpower market. Steps will also be taken to improve and up-grade lower-level technical schools in the country to ensure increased out-turn of better qualified technicians.

(*e*) Expansion of teacher training programmes. Realising the importance of teachers and of good quality teaching in any educational system, the Federal and State Governments are committed to the expansion of teacher training programmes in the country. Efforts are to be concentrated on greater out-turn of National Certificate of Education and graduate teachers. In this connection, the Emergency Teacher Training Programme recently inaugurated by the Federal Government will continue throughout the Plan period. The programme has been designed to produce both National Certificate of Education and professional graduate teachers in sufficient numbers to meet the acute shortage of teachers at these levels.

(*f*) Development of the Universities. Federal Government's special obligation for the development of Universities will continue. Federal grants to these institutions are channelled through the National Universities Commission. The Commission was reconstituted in 1968 and empowered to advise on the financial needs of the Universities and act as the agency for channelling external aid to them. The Commission is also to advise on the pattern of university development generally, including the establishment of new universities. Applications for the establishment of a new higher institution must first be presented to the National Universities Commission by the sponsoring agency which could be a State Government or a private institution. Under the Constitution, the Federal Government will consider such applications on the basis of the recommendations submitted by the National Universities Commission. The financial ability of the agency concerned to guarantee full support for the new institution will be one of the decisive factors. It must also be demonstrated that there is proved need for the new institution of higher learning. This includes the presence of large number of qualified and capable students who are unable to gain admission to the existing university institutions in the country. The Federal Government has special responsibilities not only for the development of Federal institutions of higher learning but also in assisting in the development of State Universities. The policy objective is to promote such healthy development and standards in the Universities as would ensure the availability of high-level manpower in the right proportions, required in meeting the needs of specialised services and operations in the country. Programmes of expansion in the Universities are expected to achieve additional enrolment of 7,000 students by the end of the Plan period.

(*g*) Financial assistanceto students. Federal and State Governments will continue the promotion and administration of schemes for the financing of University students, involving the award of scholarships, bursaries and loans to qualified and deserving students. The objective of policy is to bring University education within reach of every qualified Nigerian, while providing incentives designed to facilitate the availability of nationals in the professions and skills which are vital to the social and economic development of the nation.

(*h*) Further development and expansion of adult education. Funds and facilities will be made available for further expansion of adult education programmes. Particular attention will be given to functional literacy programmes in the rural areas, where the greatest need for this form of education exists.

(*i*) Support for research programmes in the field of education. Measures will be taken to encourage and support research programmes designed not only to provide solutions to current problems in the field of education, but also make the educational system continuously responsive to the changing needs of the nation.

4. Educational Programmes and Projects

(*a*) *Primary Education*—Projects concerning primary education consist mainly of programmes for the development and expansion of primary schools in the States. Federal programmes are essentially in the form of grants to some States to assist them achieve higher enrolment targets. For these programmes, the Federal Government has made a total allocation of £6.460 million. Programmes of the State Governments mainly involve the building of new schools and the expansion of existing ones. A total capital expenditure of £27.478 million is planned by the State Governments.

(*b*) *Secondary Education*—Federal and States programmes at this level are designed to effect considerable expansion in secondary education. Federal efforts consist of grants to the States to assist development of their secondary schools, further development of existing federal schools, and establishment of new federal secondary schools in each of the remaining eight states. The States programmes concentrate on development of existing schools by the establishment of additional streams and the expansion of facilities for the teaching of Science and other technical subjects. Total allocation made for the development of secondary education is £28.400 million.

(*c*) *Technical Education*—Projects under technical education include programmes for the expansion of existing technical and trade schools and the establishment of new schools. Federal assistance includes grants to the States for the development of technical schools and the up-grading of existing craft schools, at an estimated capital allocation of £1.8 million. Total allocation by both Federal and State Governments amounts to £12.291 million.

(*d*) *Teacher Training*—An important feature of the teacher training programme is the Emergency Teacher Training Scheme or Crash Programme which is being implemented by the Federal Government. Allocation for the scheme is to the tune of £2 million. The State programmes consist mainly of expansion of existing teacher training institutions and the establishment of new institutions. Total allocation by both Federal and State Governments is £13.195 million.

(*e*) *Adult Education*—A few States have programmes for the education of adults. The programmes consist mainly of schemes for the continuing education of persons not participating in the formal school system. The total allocation by all the States concerned is £0.730 million.

(*f*) *University Education*—Projects concerning the development of universities consist mainly of programmes for the expansion of existing faculties (especially the technical ones) and the establishment of new disciplines in response to the manpower needs of the nation. The programmes also include the reconstruction of the University of Nigeria, Nsukka. Federal Government allocation for the development of the Universities is to the tune of £25.5 million. This includes the sum of £2 million allocated for the expansion of the new Medical Schools system in the country. Western State allocation for the development of University of Ife is £5.5 million. The Northern States' contributions to the development of Ahmadu Bello University will amount to £5.160 million during the Plan period. Similarly, the East-Central and the South-Eastern States will contribute about £2.558 million to the rehabilitation and expansion of the University of Nigeria, Nsukka. The Mid-West State has allocated £2.3 million for the establishment of the Institute of Technology in Benin.

(*g*) *Students Financing*—Federal and State Governments have programmes for the timely award of scholarships and loans tenable in various institutions of higher learning in the country. The programmes are geared to meeting the needs of the country in terms of the various levels of manpower. Total allocation by Federal and State Governments is £6.250 million.

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON EDUCATION

1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. *Primary Education :*					
(*a*) Expansion of Primary Education in the States	0.500	1.000	1.000	1.000	3.500
(*b*) Assistance to the War-affected Areas	0.500	0.500	—	—	1.000
(*c*) Library Development in Primary Schools	0.100	0.200	0.200	0.200	0.700
(*d*) Science and Mathematics teaching for Primary Schools	0.020	0.020	0.020	—	0.060
(*e*) Assistance to Primary Teacher Training	0.100	0.200	0.200	0.200	0.700
(*f*) Special Education for Handicapped Children	0.100	0.100	0.100	0.200	0.500
2. *Secondary Education :*					
(*a*) Federal Government Colleges at Warri and Sokoto : 2nd Phase ..	0.100	0.100	0.200	0.200	0.600
(*b*) King's College : New site, Land acquisition and Development, new Building Quarters and Equipment	0.100	0.100	0.200	0.200	0.600
(*c*) Queen's College : Building, Equipment and Expansion	0.100	0.100	0.100	—	0.300
(*d*) Reconstruction of the Federal Government College, Okposi ..	0.200	0.200	—	—	0.400
(*e*) Sixth Form Development	0.200	0.200	0.300	0.300	1.000
(*f*) Eight New Federal Government Colleges in the States	0.300	0.500	0.600	0.800	2.200
(*g*) Financial Assistance for Secondary School Expansion in the Northern States	0.300	0.400	0.400	0.400	1.500
(*h*) Federal Science School Development	0.200	0.200	—	—	0.400
3. *Technical Education :*					
(*a*) Expansion of facilities at Yaba College of Technology	0.100	0.100	—	—	0.200
(*b*) Expansion of facilities at Yaba Trade Centre	—	0.040	0.060	—	0.100
(*c*) Grants for the Development of Technical Education	0.300	0.400	0.500	0.600	1.800
(*d*) National Technical Teacher Training College	0.200	0.300	—	—	0.500
(*e*) National Technical Institute Building and Equipment : Completion of Programme	0.020	0.020	—	—	0.040

TABLE 1—*continued*

FEDERAL CAPITAL EXPENDITURE ON EDUCATION
1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
4. *Emergency Teacher Training Programme for N.C.E., Grade I and Undergraduate*	0.600	0.600	0.600	0.200	2.000
5. *National Universities Commission* ..	5.000	6.000	7.000	7.500	25.500
6. *Federal Government Scholarship and Loan Scheme*	0.774	0.775	0.775	0.776	3.100
7. *Foreign Aid and Co-operation in Education*	—	0.100	0.100	0.100	0.300
8. *Post-graduate Scholarships Awards and Expanded Scheme*	0.300	0.200	0.100	—	0.600
9. *Former Eastern Region Government Scholars*	0.100	0.100	—	—	0.200
10. *Scholarships taken over from the former Northern Region*	0.300	0.200	0.100	—	0.600
11. *Centre for the Production, Maintenance and Repair of Science Equipment* ..	0.040	0.040	—	—	0.080
12. *Language Centre*	—	0.040	—	—	0.040
13. *Educational Statistics*	0.002	—	—	—	0.002
14. *Citizenship and Leadership Training Centre*	—	0.040	0.040	—	0.080
15. *School Broadcasting*	0.010	0.010	—	—	0.020
16. *Audio-Visual Aids and Modern Resources Centre*	—	0.010	0.020	0.020	0.050
17. *National Museum : Expansion of Storage facilities*	—	0.050	0.050	0.050	0.150
18. *National Archives : Headquarters building in Lagos, and reconstruction of facilities in Enugu*	—	0.100	0.200	—	0.300
TOTAL	10.566	12.945	12.865	12.746	49.122

TABLE 2

PUBLIC SECTOR CAPITAL EXPENDITURE ON EDUCATION, 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
1. Benue-Plateau	1.030	1.472	1.244	1.499	5.245
2. East-Central	3.600	2.900	1.500	—	8.000
3. Kano	2.020	2.655	2.315	1.110	8.100
4. Kwara	0.472	0.646	0.758	0.732	2.608
5. Lagos	0.788	1.309	0.971	0.741	3.809
6. Mid-Western	0.600	2.800	2.000	1.363	6.763
7. North-Central	1.654	2.252	2.693	2.543	9.142
8. North-Eastern	0.994	1.198	1.277	0.931	4.400
9. North-Western	1.424	2.043	2.197	1.751	7.415
10. Rivers	1.180	1.710	1.700	0.985	5.575
11. South-Eastern	0.714	0.964	1.218	1.318	4.214
12. Western	5.000	8.000	8.000	3.500	24.500
TOTAL, STATES	19.476	27.949	25.873	16.473	89.771
FEDERAL	10.566	12.945	12.865	12.746	49.122
TOTAL, PUBLIC SECTOR ..	30.042	40.894	38.738	29.219	138.893

TABLE 3

STATES CAPITAL EXPENDITURE BY LEVEL OF EDUCATION, 1970-74

£million

State/Level of Education	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Primary	0.400	0.500	0.500	0.600	2.000
2. Secondary	0.253	0.407	0.366	0.474	1.500
3. Technical	0.130	0.270	0.130	0.178	0.708
4. Teacher Training	0.029	0.059	0.030	0.029	0.147
5. University	0.200	0.200	0.200	0.200	0.800
6. Others*	0.018	0.036	0.018	0.018	0.090
TOTAL	1.030	1.472	1.244	1.499	5.245
EAST-CENTRAL					
1. Primary	0.375	0.750	0.386	—	1.511
2. Secondary	1.602	1.068	0.547	—	3.217
3. Technical	0.300	0.200	0.100	—	0.600
4. Teacher Training	0.402	0.268	0.155	—	0.825
5. University	0.639	0.426	0.214	—	1.279
6. Others*	0.282	0.188	0.098	—	0.568
TOTAL	3.600	2.900	1.500	—	8.000
KANO					
1. Primary	1.055	0.945	0.605	0.155	2.760
2. Secondary	0.235	0.466	0.466	0.233	1.400
3. Technical	0.050	0.100	0.100	0.050	0.300
4. Teacher Training	0.470	0.932	0.932	0.466	2.800
5. University	0.200	0.200	0.200	0.200	0.800
6. Others*	0.010	0.012	0.012	0.006	0.040
TOTAL	2.020	2.655	2.315	1.110	8.100
KWARA					
1. Primary	0.200	0.200	0.300	0.300	1.000
2. Secondary	0.101	0.102	0.086	0.051	0.340
3. Technical	0.100	0.100	0.200	0.260	0.660
4. Teacher Training	0.014	0.040	0.026	0.020	0.100
5. University	0.055	0.200	0.145	0.100	0.500
6. Others*	0.002	0.004	0.001	0.001	0.008
TOTAL	0.472	0.646	0.758	0.732	2.608

TABLE 3—*continued*

STATES CAPITAL EXPENDITURE BY LEVEL OF EDUCATION, 1970-74

£'million

State/Level of Education	1970-71	1971-72	1972-73	1973-74	*Total*
LAGOS					
1. Primary	0.128	0.382	0.230	0.160	0.900
2. Secondary	0.390	0.560	0.460	0.390	1.800
3. Technical (Science School) ..	0.123	0.155	0.126	0.096	0.500
4. Teacher Training Technical ..	0.048	0.080	0.051	0.021	0.200
5. University	—	—	—	—	—
6. Others*	0.099	0.132	0.104	0.074	0.409
TOTAL	0.788	1.309	0.971	0.741	3.809
MID-WESTERN					
1. Primary	0.093	0.896	0.575	0.371	1.935
2. Secondary	0.099	0.340	0.281	0.231	0.951
3. Technical	0.094	0.230	0.266	0.310	0.900
4. Teacher Training	0.017	0.064	0.035	0.016	0.132
5. University	0.238	1.060	0.682	0.320	2.300
6. Others*	0.059	0.210	0.161	0.115	0.545
TOTAL	0.600	2.800	2.000	1.363	6.763
NORTH-CENTRAL					
1. Primary	0.250	0.300	0.500	0.600	1.650
2. Secondary	0.689	1.187	1.334	1.030	4.240
3. Technical	0.125	0.125	0.169	0.169	0.588
4. Teacher Training	0.200	0.250	0.300	0.354	1.104
5. University	0.390	0.390	0.390	0.390	1.560
TOTAL	1.654	2.252	2.693	2.543	9.142
NORTH-EASTERN					
1. Primary	0.028	0.232	0.281	0.353	0.894
2. Secondary	0.200	0.200	0.200	0.100	0.700
3. Technical	0.072	0.072	0.082	0.024	0.250
4. Teacher Training	0.188	0.188	0.208	0.076	0.660
5. University	0.250	0.250	0.250	0.250	1.000
6. Others*	0.256	0.256	0.256	0.128	0.896
TOTAL	0.994	1.198	1.277	0.931	4.400

TABLE 3—*continued*

STATES CAPITAL EXPENDITURE BY LEVEL OF EDUCATION, 1970-74

£'million

State/Level of Education	1970-71	1971-72	1972-73	1973-74	*Total*
NORTH-WESTERN					
1. Primary	0.160	0.200	0.300	0.168	0.828
2. Secondary	0.485	0.495	0.932	0.455	2.367
3. Technical	0.100	0.100	0.200	0.100	0.500
4. Teacher Training	0.275	0.500	0.662	0.923	2.360
5. University	0.100	0.200	0.100	0.100	0.500
6. Others*	0.304	0.548	0.003	0.005	0.860
TOTAL	1.424	2.043	2.197	1.751	7.415
RIVERS					
1. Primary	0.330	0.690	0.680	0.500	2.200
2. Secondary	0.260	0.285	0.295	0.245	1.085
3. Technical	0.380	0.490	0.490	0.150	1.510
4. Teacher Training	0.130	0.165	0.165	0.050	0.510
5. University	—	—	—	—	—
6. Others*	0.080	0.080	0.070	0.040	0.270
TOTAL	1.180	1.710	1.700	0.985	5.575
SOUTH-EASTERN					
1. Primary	—	0.200	0.300	0.300	0.800
2. Secondary	0.055	0.038	0.259	0.248	0.600
3. Technical	0.320	0.200	0.345	0.270	1.135
4. Teacher Training	—	0.100	0.100	0.200	0.400
5. University	0.339	0.426	0.214	0.300	1.279
TOTAL	0.714	0.964	1.218	1.318	4.214
WESTERN					
1. Primary	2.000	4.000	4.000	1.000	11.000
2. Secondary	0.320	1.280	0.960	0.640	3.200
3. Technical	0.200	0.800	0.600	0.400	2.000
4. Teacher Training	0.196	0.781	0.588	0.392	1.957
5. University	2.200	0.800	1.600	0.900	5.500
6. Others*	0.084	0.339	0.252	0.168	0.843
TOTAL	5.000	8.000	8.000	3.500	24.500
TOTAL, ALL STATES	19.476	27.949	25.873	16.473	89.771

* Includes Adult Education, Scholarships/Loans and Miscellaneous items.

TABLE 4

FEDERAL AND STATES CAPITAL EXPENDITURE ON EDUCATION, 1970-74

£'million

Level of Education	1970-71	1971-72	1972-73	1973-74	*Total*
A. PRIMARY					
Federal	1.320	2.020	1.520	1.600	6.460
States	5.019	9.295	8.657	4.507	27.478
TOTAL	6.339	11.315	10.177	6.107	33.938
B. SECONDARY					
Federal	1.500	1.800	1.800	1.900	7.000
States	4.689	6.428	6.186	4.097	21.400
TOTAL	6.189	8.228	7.986	5.997	28.400
C. TECHNICAL					
Federal	0.620	0.860	0.560	0.600	2.640
States	1.994	2.842	2.808	2.007	9.651
TOTAL	2.614	3.702	3.368	2.607	12.291
D. TEACHER TRAINING					
Federal	0.600	0.600	0.600	0.200	2.000
States	1.969	3.427	3.252	2.547	11.195
TOTAL	2.569	4.027	3.852	2.747	13.195
E. UNIVERSITY					
Federal	5.000	6.000	7.000	7.500	25.500
States	4.611	4.152	3.995	2.760	15.518
TOTAL	9.611	10.152	10.995	10.260	41.018
F. OTHERS					
Federal	1.526	1.665	1.385	0.946	5.522
States	1.194	1.805	0.975	0.555	4.529
TOTAL	2.720	3.470	2.360	1.501	10.051
TOTAL	30.042	40.894	38.738	29.219	138.893

CHAPTER 24

HEALTH

The importance of health services in the social and economic progress of a people is increasingly being appreciated. A healthy population is an economic asset since the assured supply of a strong and healthy labour force is an essential factor in development. Health services must, therefore, keep pace with the growing needs and resources of the people; for if they lag too far behind, the whole community is bound to suffer. For this reason, development in the health sector must be geared to targets which will ensure that health services and amenities are within easy reach of the people.

1. Recent Performance

During the last Plan period, Health was a subject in the concurrent legislative list with both the Federal Government and the Regional (States) Governments exercising defined powers within their areas of direct administrative control. Thus, the Federal Government had direct responsibility for all aspects of health services in the then Federal territory of Lagos, while the former Regional Governments were responsible for such services in their administrative areas. With the creation of States in 1967, each State (including the Lagos State) assumed direct responsibility over health matters in its areas of control. The Federal Government retained such national functions as the maintenance of standards of practice in medical and allied professions, training of health personnel, health legislation, advisory and inspectorate services, medical certification, laboratory and chemistry services, and communicable diseases control.

A total capital expenditure of £7.46 million was incurred by all the Governments in the Federation during the last Plan period out of the planned estimate of £17.076 million. The Federal Government spent £2.995 million on its health programmes against the £10.304 million proposed. The Regional Governments together incurred a total capital expenditure of £4.465 million on their programmes out of the estimated total sum of £6.772 million. This sector showed one of the lowest levels of capital expenditure in relation to the planned estimate.

In physical terms, many of the planned projects were executed. These achievements were much more obvious as regards federal programmes. Projects executed by the Federal Government included the Lagos University Teaching Hospital, reconstruction of the Lagos General Hospital and the establishment of health centres. The proposed National Institute of Preventive Medicine and the planned expansion of Public Health Laboratories did not, however, materialise.

The Regional programmes placed greater emphasis on the curative services. In this connection, all the former Regions undertook the construction of Hospitals in their various administrative areas. These impressive Hospital Building Programmes in the former Regions were however, in most cases, not accompanied by adequate supply of essential complementary inputs such as medical manpower, drugs and equipment. The real impact was therefore not considerable.

2. Policy Issues and Objectives

With the rapid growth in population, better education and increasing appreciation of health needs, demand for health services has far outstripped the rate of expansion of health facilities. The situation tends to deteriorate because health programmes undertaken in the past had not sufficiently taken into account the real nature and magnitude of the problems. Experiences during the last Plan period indicate that no sooner were new health facilities provided, than it became clear that they were grossly inadequate. This tendency to under-estimate the magnitude of the problems appear to have influenced the very low levels of expenditure on health programmes. Not only was allocation deficient, its distribution between curative and preventive services did not take into consideration the nature of the problems involved. Where preventable diseases account for a large proportion of morbidity and mortality, as in Nigeria, preventive services should be the focus of health policy.

In spite of the fact that training programmes featured prominently in the last Plan, shortages continue to be acute in the supply of some essential health personnel. Shortage of doctors and trained nurses has continued to plague the administration of health services throughout the country. The doctor/population ratio is currently estimated to be 1:30,000. The ratio in some parts of the country is even as low as 1:100,000. By any standard, this reflects a most unsatisfactory situation. Not only is it desirable to increase appreciably the stock of doctors and para-medical personnel, it is also essential that they should be more evenly distributed in the States.

The creation of States has unmasked some of the health problems in the country, which were hitherto not apparent. The needs of the various health administrations in the country in terms of finance, manpower and materials have forcefully come to the fore and now demand urgent attention.

One of the greatest health problems facing the nation is the very poor standard of management of the hospitals. Fine and well equipped hospitals of a decade ago would in most cases become eye-sores today due largely to poor organisation and management in most of the hospitals. The existing structure and nature of hospital services in the country still follow a pattern designed under the colonial administration.

Whereas the colonial medical services were established mainly to cater for the needs of the civil services, the health facilities of today are among the vital social services demanded by the entire community. There is, therefore, the need to examine whether the present system by which hospitals are controlled and administered on day-to-day basis as government departments under traditional rules, is still adequate to cope with the current massive requirements of the population.

Programmes within the health sector are in general terms designed to re-establish health services disrupted during the civil war and to develop and expand existing medical and health services, to the extent that will bring them more and more within easier reach of the entire population. In this connection, the greatest emphasis will be given to preventive measures designed to reduce to the minimum, the incidence of deadly diseases in the various communities.

The specific policies are :—

(*i*) Implementation of measures to restore health facilities and services destroyed or damaged during the civil war.

(*ii*) Expansion of programmes for the maintenance of environmental sanitation. Realising that the prevalence of most infectious diseases in the community has a direct correlation with poor and insanitary environment, the various health authorities will intensify their effort in the establishment and maintenance of a healthy environment. To this end, community health education schemes are to be expanded to cover more urban as well as rural communities.

(*iii*) Institution of measures to control communicable diseases which may be widely prevalent in particular communities. In this connection, the existing Federal and State programmes on epidemic control are to be expanded to include other diseases beyond small-pox and measles.

(*iv*) Development of medical manpower through the provision of appropriate training programmes and facilities. The Federal and State Governments are committed to schemes involving the training of doctors, nurses and other para-medical personnel needed for the efficient operation of health services. During the plan period, Government will expand facilities in the existing Medical Schools and Teaching Hospitals in the country, in order to ensure much greater out-turn of doctors and other personnel from these Institutions. In this connection, Government will establish at least a medical centre or teaching hospital in each of the States in the Federation. Such hospitals will be fully integrated with the expanded Medical Schools system in the country. Wherever possible, general hospitals will be upgraded to provide extension facilities for the expanded system of Medical Schools and Teaching Hospitals. This will extend and improve the standard of medical practice and services in all parts of the Federation. The total effects of the training programmes for doctors are expected to achieve a minimum effective doctor/population ratio of 1:20,000 by 1980.

(*v*) Re-organisation of Hospital Services. Measures are to be taken to re-organise the management and administration of Hospitals to make them more effective institutions for providing curative services to the population. The measures will include the provision of mobile hospital facilities which are vital in carrying medical services to the rural communities. In this connection, efforts will be concentrated on adequate staffing of, and supply of materials and equipment to the Hospitals.

(*vi*) Creation and development of research facilities and activities. Government will continue to support the establishment of research programmes which are geared to the solution of acute health problems in the country.

(*vii*) Maintenance of good health standards. The Federal Government will, with the co-operation of the State Governments, continue to ensure the maintenance of the highest standards in the importation, manufacture and administration of drugs. Local manufacturing facilities are to be expanded.

3. Programmes and Projects

The total allocation to the Health sector during the Plan period is £53.811 million for all the governments. Out of this sum, £10.130 million is in respect of capital expenditure programmes to be undertaken by the Federal Government, and the balance of £43.681 million is allocated among the twelve States.

(*a*) *Federal*—The main features of Federal health programmes are projects in the areas of epidemic control, training and research. The Small-pox Eradication and Measles Control Programme, which was started in 1966, is to continue during the Plan period. The programme will be extended to cover other common communicable diseases. An allocation of £0.8 million has been made for the programme. The major training programme consists of projects involving the expansion of the Medical Schools at Ibadan, Lagos and Zaria which have received a total allocation of £8 million. There are also other projects involving the expansion of Training Schools for various para-medical personnel and the establishment of an Institute of Public Health for which a total allocation of £0.8 million, has been made.

(*i*) *Epidemic Control*—This project is designed to control smallpox and measles. Steps will be taken to continue and expand the existing programmes for the control and eradication of communicable diseases.

(*ii*) *Drug Quality Control Laboratory*—Nigeria's foreign trade in Pharmaceutical products has increased substantially in recent years. This has been accompanied by the establishment of a number of Pharmaceutical Laboratories in the country. There is now the danger of a great influx of unregulated medicaments in the country. Investigations have revealed that a number of foreign firms have taken advantage of the country's limited facilities for drug assessment in flooding the domestic market with cheap and sometimes dangerous drugs. The establishment of a fully equipped laboratory will assist in checking the importation and marketing of inferior drugs, thereby safeguarding the health of the citizens.

(*iii*) *Expansion of Drug Manufacturing Laboratory*—There is in existence a Drug Laboratory in the country which has been serving a very useful purpose. The laboratory will be expanded. New plant and equipment will be introduced in order to increase efficiency and cope with the increasing demand on its services. It will generate savings of foreign exchange if more and more of the drugs required in hospitals are manufactured locally.

(*iv*) *New Chemistry Laboratory and Equipment*—The present laboratory which is housed in a small apartment in the Federal Ministry of Health headquarters has remained static since its inception. With the expanding growth in the food market and the unfortunate rise in crime, the existing laboratory is manifestly unable to cope with the demand from both the public and private sectors. It is especially dangerous to house explosive chemicals in normal and crowded offices. With the building of a new block for staff and well equipped stores for the protection of chemicals, the Chemistry Division of the Ministry will be better able to discharge its services.

(*v*) *Expansion of Federal Training Schools*—These schools are complementary to the Medical Schools and Teaching Hospitals. They include facilities for the training of Medical Technicians, whose services are so essential to the promotion of public health. The School of Radiography has been poorly accommodated at the General Hospital without sufficient scope for expansion to meet the demand of the various hospitals in the country. The School of Dental Technology and the School of Dental Hygiene have been run in a small apartment in the Lagos General Hospital. The School of Dental Technology will now take over the whole site of the two schools to make room for required expansion and modernisation. The School of Dental Hygiene will then be accommodated on an additional floor to the existing building. New building and equipment for the School of Physiotherapy are needed at Igbobi. With the growth of Rehabilitation Centres for the care of the disabled, the need for the expansion of the existing school can hardly be emphasized. The School of Dispensing Assistants has been accommodated hitherto in the Pharmaceutical Registry. A full School will now be established to serve expanding Pharmaceutical needs. Increasing demands for the training of a new breed of dispensing assistants have been made by the newly created States, especially in the North.

(*vi*) *Expansion of Medical Schools and Teaching Hospitals*—Progress has been rather slow in the expansion of Teaching Hospitals to cope with the expansion of Medical Schools in response to increasing demand for high-level health personnel. Not much was spent on the programme during the 1962-68 Development Plan. For example, out of the £2.05 million voted for the University College Hospital at Ibadan under the Plan, only £0.3 million was in fact spent by the end of the period. In the case of Lagos University Teaching Hospital, there were difficulties in reaching agreement on the scope and design of the project as an integrated programme; and this led to a substantial shortfall in actual capital expenditure. During the current Plan period, a sum of £8.0 million has been set aside at the rate of £2.0 million per annum to be expended on the extension of appropriate physical facilities to Teaching Hospitals. Of the estimated sum of £25.5 million allocated in Chapter 23 to the National Universities Commission for the expansion and development of University education, about £2 million will be devoted to the expansion of the new Medical Schools system.

(*b*) *States*—The States programmes and projects in the Health sector are set out in Table 2. In terms of financial allocation, most of the States are still concentrating on the curative aspects of the health service, although Kano State seems to be putting some emphasis on Public Health services. There is also an increasing effort by the State Governments in the direction of more and better training for health personnel of all categories.

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON HEALTH PROGRAMMES

1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Epidemic Control—Smallpox Eradication and Measles Control	0.100	0.100	0.300	0.300	0.800
2. Drug Quality Control Laboratory . .	—	0.010	0.020	0.020	0.050
3. Expansion of Drug Manufacturing Laboratory	0.030	0.030	—	—	0.060
4. New Chemistry Laboratory and Equipment	0.050	0.050	0.025	—	0.125
5. Expansion of Federal Training Schools:					
(*a*) School of Radiography and Equipment	—	0.030	0.030	0.030	0.090
(*b*) School of Medical Laboratory Technology	—	0.010	—	—	0.010
(*c*) School of Dental Hygiene . .	—	0.020	0.025	—	0.045
(*d*) School of Dental Technology . .	—	0.020	—	—	0.020
(*e*) School of Physiotherapy, Building and Equipment	—	—	0.030	0.030	0.060
(*f*) Dispensing Assistants Training School :—Building and Equipment	—	0.010	0.020	—	0.030
6. Expansion of Teaching Hospitals . .	2.000	2.000	2.000	2.000	8.000
7. National Institute of Public Health . .	—	0.200	0.300	—	0.500
8. Rabies Vaccine Laboratory	—	0.050	—	—	0.050
9. New Equipment for Yellow fever and Smallpox Vaccine Laboratories	0.010	0.010	—	—	0.020
10. College of Nursing (Post Graduate)	—	0.050	0.050	0.050	0.150
11. Central Medical Library	—	0.020	0.040	0.040	0.100
12. Quarantine Station at Apapa . .	—	0.010	—	—	0.010
13. Health Centres at Apapa (for Seafarers)	—	0.010	—	—	0.010
Total	2.190	2.630	2.840	2.470	10.130

TABLE 2

CAPITAL EXPENDITURE ON HEALTH PROGRAMMES
STATE GOVERNMENTS, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
BENUE-PLATEAU					
1. Curative Services	0.133	0.133	0.135	0.196	0.597
2. Public Health Services	0.047	0.060	0.060	0.010	0.177
3. Training	0.005	0.010	0.010	0.010	0.035
4. Others	0.016	0.016	0.020	0.024	0.076
TOTAL	0.201	0.219	0.225	0.240	0.885
EAST-CENTRAL					
1. Curative Services	1.100	1.500	1.600	1.008	5.208
2. Public Health Services	0.400	0.500	0.500	0.161	1.561
3. Traning	0.011	0.040	0.080	0.100	0.231
TOTAL	1.511	2.040	2.180	1.269	7.000
KANO					
1. Curative Services	0.406	0.628	1.088	1.378	3.500
2. Public Health Services	0.474	0.348	0.222	0.155	1.199
3. Training	0.150	—	—	—	0.150
4. Others	0.038	0.009	0.010	0.004	0.061
TOTAL	1.068	0.985	1.320	1.537	4.910
KWARA					
1. Curative Services	0.204	0.749	0.785	0.962	2.700
2. Public Health Services	0.010	0.120	0.110	0.210	0.450
3. Training	0.019	0.014	0.014	0.014	0.061
TOTAL	0.233	0.883	0.909	1.186	3.211
LAGOS					
1. Curative Services	0.098	0.330	0.360	0.422	1.210
2. Public Health Services	0.035	0.065	0.095	0.105	0.300
3. Training	0.012	0.213	0.260	0.265	0.750
4. Others..	0.060	0.080	0.068	0.040	0.240
TOTAL	0.205	0.668	0.775	0.852	2.500

TABLE 2—*continued*

CAPITAL EXPENDITURE ON HEALTH PROGRAMMES
STATE GOVERNMENTS, 1970-74—*continued*

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total Cost*
MID-WESTERN					
1. Curative Services	0.986	0.986	0.987	0.988	3.947
2. Public Health Services	0.012	0.042	0.042	0.050	0.146
3. Training	0.028	0.033	0.028	—	0.089
4. Others	—	0.010	0.010	—	0.020
TOTAL	1.026	1.071	1.067	1.038	4.202
NORTH-CENTRAL					
1. Curative Services	0.200	0.212	0.212	0.214	0.838
2. Public Health Services	0.100	0.100	0.186	0.200	0.586
3. Training Health Services	0.400	0.400	0.400	0.400	1.600
4. Others	0.017	—	—	—	0.017
TOTAL	0.717	0.712	0.798	0.814	3.041
NORTH-EASTERN					
1. Curative Services	0.488	0.327	0.341	0.347	1.503
2. Public Health Services and Training	0.135	0.490	0.415	0.590	1.630
TOTAL	0.623	0.817	0.756	0.937	3.133
NORTH-WESTERN					
1. Curative Services	0.525	0.500	0.750	0.750	2.525
2. Public Health Services	0.200	0.400	0.400	0.497	1.497
3. Training	0.020	0.021	0.040	0.040	0.121
4. Others	0.020	0.032	0.040	0.040	0.132
TOTAL	0.765	0.953	1.230	1.327	4.275
RIVERS					
1. Curative Services	0.624	0.769	0.409	0.385	2.187
2. Public Health Services	0.050	0.100	0.200	0.200	0.550
3. Training	0.055	0.040	0.060	0.070	0.225
4. Others	0.050	0.060	0.070	0.070	0.250
TOTAL	0.779	0.969	0.739	0.725	3.212

TABLE 2—*continued*

CAPITAL EXPENDITURE ON HEALTH PROGRAMMES
STATE GOVERNMENTS, 1970-74—*continued*

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total Cost*
SOUTH-EASTERN					
1. Curative Services	0.295	0.248	0.200	0.257	1.000
2. Public Health Services	0.050	0.050	0.225	0.375	0.700
TOTAL	0.345	0.298	0.425	0.632	1.700
WESTERN					
1. Curative Services	0.952	1.000	1.000	1.000	3.952
2. Public Health Services	0.110	0.110	0.220	0.220	0.660
3. Others	0.250	0.250	0.250	0.250	1.000
TOTAL	1.312	1.360	1.470	1.470	5.612
TOTAL, ALL STATES					
1. Curative Services	6.301	6.482	6.477	6.181	25.441
2. Public Health Services	1.543	1.870	1.860	1.598	6.871
3. Training	0.775	0.661	0.717	0.689	2.842
4. Others	0.376	0.340	0.355	0.350	1.421
TOTAL, STATES	8.785	10.975	11.894	12.337	43.681
FEDERAL	2.190	2.630	2.840	2.470	10.130
TOTAL, PUBLIC SECTOR ..	10.975	13.605	14.734	14.497	53.811

CHAPTER 25

INFORMATION SERVICES

Government information services have, in the circumstances of the recent crises in the country, become such a strategic sector of public activity, that it is highly desirable to take the opportunity of the Plan to provide adequately for the new approach to this area. In the past, the information services were regarded mainly as media of acquainting the people with the activities and aspirations of government and its functionaries. However, the lessons learnt from recent events indicate that one of the main objectives of such services should be the fostering of national harmony and the promotion of the spirit of national reconciliation particularly in the circumstances of post-war Nigeria. Another major objective is the mobilisation of public support for the national development effort through the dissemination of appropriate information on the sacrifices as well as the benefits which economic and social development promises. The public information services should also be adequately equipped to project the true image of this country to the outside world.

1. Performance of the Sector

The major projects implemented in this sector during the last Plan period included expansion of domestic and external broadcasting and the establishment of National Television Service in Lagos. The former Regional Governments implemented programmes involving the expansion of broadcasting stations, establishment of television services and the provision of mobile cinema facilities for the rural areas. The Federal capital expenditure on the sector was £2.071 million out of £2.35 million estimated. The Regional Governments together incurred a total capital expenditure of £2.609 million.

This inadequate capital outlay was expended mainly on obsolete equipment which hampered the operation of efficient information services in the country. This was most noticeable in radio broadcasting where technical faults often prevented the operation of effective services. Broadcasts from local radio stations had very limited range and could not be heard by large sections of the population. External broadcasting was also ineffective as the programmes could not be clearly received abroad.

One of the major causes of the ineffectiveness of the country's overseas publicity particularly during the war years, was the absence of an adequately staffed organisation capable of mounting effective publicity abroad. Furthermore, Nigerian Missions overseas were not properly equipped with both the personnel and materials to carry out the responsibilities of the magnitude demanded of the situation. Related to the foregoing was the absence of a national news organisation.

During the 1962-68 Plan period, the former Regional Governments on occasions used the information media at their disposal to spread unwholesome propaganda and inflame sectional passions which culminated in the last civil war. The new policy on information services spelt out below is designed to prevent a re-occurrence and correct the weaknesses of the past.

2. Policy Issues

An important function of Government information services in a developing country like Nigeria should be to mobilise massive support for national development measures and programmes. This support is essential for the success of any Development Plan. A serious attempt will, therefore, be made during the 1970-74 Plan period to utilize the improved media to generate general and popular support for the implementation of measures and programmes for economic and social development at all levels—federal, state and local. The people will be made to feel part of the development process since the impetus for national development and meaningful growth must emanate from them.

Policy on information during the four-year Plan will be based on a nationally co-ordinated approach to the provision of various services in the country, while at the same time meeting the individual needs of local communities and geographical areas. Programmes in the sector are designed to achieve the following specific policy objectives :

(*a*) Re-organisation of the Information System in the country. The aim of policy is to evolve national policies and approaches through co-ordination between Federal and State Information Ministries. In this connection, Heads of Federal and State Information Ministries have held frequent consultations with a view to working out the details of agreed national policies and objectives.

(*b*) Improvement of Broadcasting System in the country. The Federal Government has approved the major recommendations of the Report of a Canadian expert appointed by the Nigerian Government to carry out a detailed inspection of the existing technical facilities for broadcasting in Nigeria and suggest improvements. The recommended improvements in the national broadcasting network will result in effective coverage of all parts of the Federation and the provision of better facilities for external broadcasting.

(*c*) Development of facilities for the dissemination of printed information. The various governments are to continue to maintain and develop organs for the circulation of printed news and information on Government activities in their respective areas. In this connection, the Federal Government is implementing the proposals for the re-organisation of the Government Press, based on the Chisholm Report entitled a *Survey Report on the Re-organisation of the Federal Government Press*. Some of the new States have programmes for the establishment of printing press and newspapers.

(*d*) Establishment of an agency to co-ordinate the collection and circulation of factual news about Nigeria within and outside the country. A National News Agency will be established to ensure the widest circulation of news and features on major activities and events in this country. Foreign news agencies will no longer be allowed to distort and misrepresent events in the country.

(*e*) Development and maintenance of Library Services. It is planned to implement projects involving the expansion and establishment of public libraries to assist the spread of knowledge and information among people in the various communities. To this end, the Federal Government plans to expand the facilities and services of the National Library. Some State Governments intend to expand or establish public libraries in their areas.

3. Federal Programmes and Projects

(*a*) *Technical Improvements to Radio Broadcasting in Nigeria*—This project, based on the Marshall Report, consists of programmes and new equipment designed to effect technical improvements in radio broadcasting in the country. Execution will be spread over three years of the Plan period. Total allocation of the sum of £2.860 million has been made (domestic broadcasting : £2.560 million ; and external broadcasting : £0.300 million).

(*b*) *Nigerian National News Agency*—This involves the setting up of a National News Agency whose major function will be the collection and circulation of news and information on Nigeria. The Agency will establish news collecting centres in the State capitals and main towns, and will "feed" news to newspapers, radio and television stations. For the initial requirements of the Agency, various kinds of transmitters and other kinds of communications equipment are to be supplied through the provision of the sum of £0.103 million.

(*c*) *National Library*—Permanent Building is to be constructed to house the National Library, which is currently accommodated in a temporary building that has very little space to cope with the expansion needs of the Library. An allocation of the sum of £0.500 million has been made for the project.

(*d*) *Information Division*—This Division of the Ministry requires various stocks of modern equipments to enable it to meet not only its increased responsibilities following the creation of States, but also the increasing requirements of external publicity. The sum of £0.200 million has been allocated for the capital needs of the Division.

(*e*) *Simultaneous Interpretation Equipment*—The growing international commitment of Nigeria and her special position in Africa have very often made the country the venue for many international conferences. To meet these obligations effectively, it is desirable to procure necessary equipment for simultaneous interpretation at such conferences. Allocation of the sum of £0.019 million has been made for the purchase of the necessary equipment.

(*f*) *Printing Division : Equipment*—The Government Press needs considerable equipment to enable it to meet increasing demand on its services. The sum of £0.100 million has been allocated to enable the necessary expansion recommended in the Chisholm Report.

(*g*) *Federal Television Service*—It is proposed to expand the facilities of the National Television Service to enable it to achieve wider coverage of the nation. An allocation of the sum of £0.200 million has been made for the first phase of the project.

(*h*) *Nigerian National Press : Building and Equipment*—New building and equipment are required for the improvement of the facilities of the National Press. The sum of £0.300 million has been allocated for the project.

(*i*) *National Theatre*—There has been considerable development in cultural activities and events in the country over the years. In order to provide a national forum for the display and expression of the nation's rich and diverse cultures, the Federal Government has decided to build a National Theatre which will provide facilities for the presentation of both national and international cultural events. Part of the project will be implemented during the last two years of the Plan at an estimated cost of £0.5 million.

The total Federal plan allocation for Information Services is summarised in the following table :

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON INFORMATION SERVICES, 1970-74

£million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. Technical Improvements to Radio Broadcasting in Nigeria	0.860	1.000	1.000	—	2.860
2. Nigerian National News Agency	0.040	0.063	—	—	0.103
3. National Library : construction of Permanent Building	—	—	0.200	0.300	0.500
4. Information Division : equipment	0.050	0.075	0.075	—	0.200
5. Simultaneous Interpretation : equipment for International Conferences	—	—	0.019	—	0.019
6. Printing Division : equipment	0.040	0.060	—	—	0.100
7. Federal Television Service	—	0.085	0.115	—	0.200
8. Nigerian National Press : building and equipment	0.100	0.200	—	—	0.300
9. National Theatre	—	—	0.250	0.250	0.500
TOTAL	1.090	1.483	1.659	0.550	4.782

4. States Programmes

The States programmes in this sector are similar in nature and consist mainly of allocations for mobile audio-visual equipment, photographic equipments, printing equipments and public address systems. A noticeable feature is that most of the new States have each allocated funds for the establishment of a printing press which has assumed high priority because of their pressing needs in this area. The total allocation by the states for their Information Services amounts to the sum of £6.149 million as shown in the following table :

TABLE 2

PUBLIC SECTOR CAPITAL EXPENDITURE ON INFORMATION SERVICES, 1970-74

£'million

State	1970-71	1971-72	1972-73	1973-74	*Total*
Benue-Plateau	—	0.100	0.150	0.150	0.400
East-Central	0.530	0.130	0.090	0.250	1.000
Kano	0.010	0.020	—	—	0.030
Kwara	0.025	0.035	0.040	—	0.100
Lagos	—	0.040	0.060	—	0.100
Mid-Western	—	0.100	0.200	0.200	0.500
North-Central	0.030	0.040	0.050	0.060	0.180
North-Eastern	0.275	0.164	0.200	0.200	0.839
North-Western	0.070	0.130	0.140	0.160	0.500
Rivers	0.100	0.125	0.135	0.140	1.500
South-Eastern	0.100	0.110	0.190	0.100	1.500
Western	0.300	0.300	0.400	0.500	0.500
TOTAL, STATES ..	1.440	1.294	1.655	1.760	6.149
TOTAL, FEDERAL ..	1.090	1.483	1.659	0.550	4.782
TOTAL, PUBLIC SECTOR	2.530	2.777	3.314	2.310	10.931

CHAPTER 26

LABOUR AND SOCIAL WELFARE

The ultimate purpose of planned development is the promotion of the welfare of the citizens both as individuals and as groups. The achievement of higher standards of living generates increasing opportunities for people's self-fulfilment. The full development of his personality and a rising quality of life are rights which a citizen expects from a modern well-ordered society. Mere accident of birth should be no barrier to the realisation of a citizen's potential capabilities. The provision by Government of various infrastructural facilities for cultural, sporting and welfare activities, and of a series of social security measures, is indicative of the acceptance in principle of this obligation to the citizen.

In a democratic society, the right of workers to combine freely for peaceful industrial action is also recognised. Particularly in a neo-colonial situation, a responsible trade union movement can serve as a healthy countervailing force against foreign investors who often dominate the growing points of the national economy. In both political and economic terms, Nigerian trade unions have, on the whole, been responsive to the problems of economic development and social change. In the process, they have done much to benefit their members. Even the poorest-paid industrial worker is far better off than the average peasant farmer and infinitely better than the urban unemployed. This is not often appreciated by the self-seeking trade unionist. What is, however, important in the development context of post-war Nigeria is how to formulate labour and social welfare policies consistent with the overall national objectives and priorities, as well as the wise husbandry of the limited resources at the disposal of the community. Some of the guidelines that will henceforth determine labour remunerations beyond the traditional cost-of-living argument have been set out in the discussion of incomes policy in Chapter 8. If any one of the various factors involved has to be singled out as the most important for the new wages policy, then the best candidate would be movements in labour productivity.

1. Recent Performance

During the last Plan period, both the Federal and Regional Governments incurred a total capital expenditure of £3.722 million on Labour and Social Welfare programmes out of the £8.662 million planned, giving an underspending of 57 per cent. There was noticeable expansion in the employment services provided by the Ministry of Labour. About ten field offices (including employment exchanges) were opened, bringing the total to thirty-two at the end of the Plan period. The various Governments in the Federation continued to operate social welfare services, particularly in the areas of juvenile crimes.

The considerable growth achieved in the economic sectors was accompanied by a significant expansion of non-agricultural employment. There was therefore a sharp increase in the number of trade unions. This development meant increased demand for the services of the Ministry of Labour, which also had to deal with an increasing number of industrial disputes. The economy experienced some shocks and disruptions from industrial unrest during the last plan period. These caused great losses in man-hours and productivity. For example, during the period 1964-65, there were 268 disputes, of which 196 led to work stoppages. A total of 253,460 man-days was lost as a result of the disputes and this was the highest recorded for many years. The figures even exclude the losses incurred as a result of the General Strike of June 1964 with an estimated loss of 722,114 man-days. The strike action was ostensibly undertaken as a "go-slow" to back workers' demand for the immediate release of Government White Paper on the Report of the Morgan Salaries and Wages Review Commission.

Before the civil war, urban unemployment, particularly among the youth, reached an unprecedented level. The major causes included the limited capacity of industries to absorb the abundance of unskilled labour, the influx of very young school-leavers to towns and cities in search of employment, and structural changes in the ownership, organisation and management of the distributive trades. The re-organisation and reduction of labour in some establishments, following the rise in the level of wages, contributed marginally and temporarily to the high rate of unemployment.

Various community development projects were carried out during the period. They mainly involved collaboration between voluntary local groups and the local authorities in implementing small-scale projects such as street maintenance, construction and repair of local roads, bridges, schools and dispensaries. Attempt was also made in a few communities to mobilise voluntary local support to finance education, especially adult education.

2. Policy Issues

The inevitable restrictive import policy adopted during the civil war had, in fact, encouraged the establishment of many industries in the country. With the end of hostilities, a proliferation of different kinds of industrial establishments is expected during the present Plan period. This expected development is bound to impose considerable demand on the services of the Ministry of Labour. The creation of twelve States has, in the meantime, also widened the scope of these services especially as States Offices will have to be established.

The need to maintain a smooth operation of economic and industrial services during the war had made it necessary to promulgate the Trade Disputes (Emergency Provisions) (Amendment) Decree No. 53 of 1969, which in effect banned strikes and lock-outs for a period of twelve months. This drastic measure was taken in order to curb the disruptive activities of some union leaders. An important feature of the Decree is the introduction of a standing Industrial Arbitration Tribunal, to which disputes must be referred where the normal processes of negotiation and conciliation have been exhausted. Whether or not this body remains a permanent feature in the nation's industrial relations system will depend on the impact which the Tribunal makes during the early period of the Plan.

Industrial relations are, however, essentially human problems and no law, however perfect, can be expected to resolve all industrial conflicts effectively. It is, therefore, the objective of policy during the Plan period to encourage the fullest development of the spirit of industrial co-operation between labour and management. In this connection, both sides will be encouraged to utilize conciliation facilities of the Federal Ministry of Labour. Government policy will discourage the continued existence of a multiplicity of central labour unions whose rivalries had caused considerable labour unrests in the past. But in the final analysis, it is the quality of their leadership, rather than unity for its own sake, to which Nigerian trade unions have seriously to address themselves.

High unemployment rates of the last Plan period had generated such ill-feeling among the affected groups that they constituted one of the contributory factors to the general disenchantment of the people with the first Republic. The Labour Force Sample Survey of 1967 indicated that 8 per cent of all the people aged 15 to 55 years living in the urban communities can be regarded as unemployed. It also revealed that 70 per cent of the unemployed were young persons of age 15-23. Persons with formal education of Primary but below School Certificate level, accounted for 59 per cent of the total unemployed. The primary school system releases a total of about 600,000 very young school-leavers and drop-outs annually; but only 70,000 of these could be offered places in the secondary schools.

High priority will therefore be accorded to programmes for the training of young men in such skills that are designed to improve their prospects for employment. In this connection, the different kinds of vocational training and apprenticeship schemes currently sponsored by various authorities will be intensified and expanded. High priority will also be accorded to the establishment of a National Youth Service Organisation designed to develop young persons in simulated work conditions. The primary aim of the organisation is to provide youths with appropriate training in various skills in real working conditions, inculcating in them a healthy attitude towards manual labour. The organisation will also provide a means of channelling the talents and energies of youths towards national service through the spirit of community service.

Given the employment restriction of the war years, the creation of twelve States and the long-standing inadequacy of governmental machinery for a country the size and prospects of Nigeria, public-sector employment will expand substantially during the Plan period. More empolyment exchanges will therefore be located in towns likely to serve the needs of large segments of the population.

Social welfare services will be expanded and intensified in the various communities. While existing services are to be maintained, greater effort will be made to direct activities of youth groups more to community service in order to inculcate in them a higher sense of responsibility and social purpose.

Community development activities have in the past been based on inarticulate and spasmodic voluntary efforts. Their impact on the social and economic progress of the communities has therefore not been as great as it could have been. Measures will be taken, during the Plan period, to channel the voluntary spirit in various communities to the implementation of better integrated local development programmes on a continuing basis. Local communities will be encouraged to be more deeply and systematically involved in the development of their areas.

Government's activities in Labour and Social Welfare during the Plan period will concentrate on the following areas :

(*a*) An elaboration of the Government's incomes policy, with particular reference to the determination of wages and salaries in the context of economic development. Government will thus no longer remain a passive observer in the labour market. Beyond the traditional referee's function, it will discharge its leadership role both as a major employer and as the guardian of the nation's wealth and stability.

(*b*) Restoration and expansion of labour and social welfare facilities of the Ministry. This will include re-establishment of field offices in the war-affected areas, expansion of existing facilities to meet increasing demand and establishment of new facilities in the States.

(*c*) Development of a youth service organisation as a measure against youth unemployment. A National Youth Corps will be established, designed to provide healthy work orientation for young unemployed school-leavers. The Corps will be project-orientated and will be deployed on projects in the rural communities involving the building of roads, bridges, schools and dispensaries. In the process, various skills will be acquired in the areas of carpentry, welding, shoe-making, pottery, electrical works, motor and tractor driving, automobile repair and brick laying.

(*d*) Provision of facilities for the development of indigenous managerial man-power. Annual demand for new managerial and technical manpower during the Plan period is estimated at 3,500. About one-third of Senior Managerial positions in the private sector are held by expatriates. Although good facilities exist in institutions of higher learning to meet the formal educational requirements of potential managers, existing post-employment courses for managers are largely unco-ordinated and sporadic. The Government will, therefore, establish during the Plan period a Centre for Management Development. The Centre will be the Secretariat of a restructured Nigerian Council for Management Education and Training. The Centre will co-ordinate and obtain agreement on training programmes in management. It will co-operate with existing organisations such as the Nigerian Institute of Management, in defining training needs, designing courses and preparing course materials for training programmes. Experts in the Centre would also engage in research in new management techniques and in local management problems. The Project is expected to assist the availability of increased number of trained Nigerian managers in not only the traditional fields of management, but also in the new areas.

(*e*) Development of schemes to meet the needs of post-war resettlement. Programmes for the resettlement and rehabilitation of persons in the Armed Forces will be implemented as a matter of priority. These will include the establishment of schemes for the training of demobilised soldiers in various skills and crafts.

(*f*) Development and expansion of Social Welfare facilities. The various governments will continue to provide and expand facilities for the recreation, rehabilitation and training of youths, as measures against the rising trend in juvenile delinquency.

(*g*) Rehabilitation of the handicapped. Programmes designed to train and rehabilitate the handicapped such as the blind and disabled will be developed. This policy will take into account the substantial increase in the number of the handicapped resulting from the civil war.

3. Major Programmes and Projects

(*a*) *National Youth Corps*—The Corps will initially consist of 4 pilot project camps for training 500 campers each. The Corps will seek to remove thousands of youths, aged 15-23, from the labour market and thus marginally relieve unemployment pressures. A longer-term effect will be the provision of the youths with skills and attitudes necessary for better future employment.

(*b*) *Centre for Management Development*—The Centre will provide secretariat facilities to the recently established Nigerian Council for Management Education and Training. This centre will co-ordinate and strengthen existing approaches to management education and training in the country.

(*c*) *National Stadium*—This project is already underway. The stadium will provide sporting facilities and an arena befitting the nation's Capital. It is due to be completed in time for the All-Africa Games to be held in Lagos in November 1972. The sum of £1.748 million is allocated for the early completion of the project.

(*d*) *New Labour Offices and Exchanges*—Thirteen new Labour Offices will be constructed to meet the expanding services of the Ministry of Labour. The new offices have become a priority because of the needs of the new States and the administrative facilities likely to be required for the implementation of resettlement schemes.

(*e*) *Reconstruction of Damaged Labour Offices in the War-affected Areas*—The sum of £0.030 million is allocated for the reconstruction and repair of damaged field offices of the Ministry of Labour in the war-affected areas. This is designed to restore normal services in these areas as early as possible.

(*f*) *Extension and Modification of the Labour Offices at Kano, Kaduna, Jos, Ilorin and Warri*—Increased industrial and government activities in these towns call for immediate expansion of existing facilities. The sum of £0.030 million is therefore allocated to effect the necessary structural modifications in the offices.

(*g*) *Brush Factory—Rehabilitation of the Blind*—The factory is planned to provide training for the blind and disabled persons in the Vocational Training Centre at Oshodi. The project could also be made in due course to show an operational surplus, while providing a most creative means of rehabilitating the blind.

(*h*) *Programme for the Rehabilitation of Beggars and Destitutes*—Four national rehabilitation and training centres will be built in the first phase of the programme. This is a socially desirable scheme which, it is hoped, will keep this group of unfortunate people from the streets while providing facilities for training them to become useful citizens. The scheme will be expanded during the Plan period; such expansion will be based on the recommendations of a Committee which has been set up to look into the problems of destitute persons.

(*i*) *Mobile Eye Clinics*—Two mobile eye clinics will be acquired for the continued operation of preventive measures designed to reduce the incidence of blindness in the country.

(*j*) *Construction of New Provident Fund Office Building*—An estimated sum of £0.200 million is allocated for the construction of a new Provident Fund Office Building. The present accommodation of the Fund is highly inadequate.

(*k*) *Building to accommodate the Braille Press*—Approval has been given by the Federal Government for the establishment of a Braille Press to serve the blind. The Press is now poorly accommodated at the Vocational Training Centre at Oshodi. At present, there are about 400 blind children attending primary schools in the country. There are also 36 blind children in Secondary and Teacher Training Schools. The importance of the Press for the education of the blind is thus evident. Provision is made in the Plan for the construction of permanent accommodation for the Press.

(*l*) *Resettlement of Ex-Service Personnel*—Detailed programmes are being formulated for the resettlement of members of the Armed Forces likely to be demobilised. The programmes are designed for the training of the personnel concerned in various kinds of skills which will enable them to be gainfully employed after their discharge.

(*m*) *Nigerian Hotel and Catering School*—The Nigerian Hotel and Catering School is at present operating in a temporary building at Ikoyi. The skeleton operation at Ikoyi has proved incapable of coping with the demands on its services from Government and private catering institutions. An average intake of 40 trainees a year is envisaged during the Plan period.

(*n*) *States Programmes*—The States programmes in this sector are mainly concerned with social welfare and community development projects. The social welfare programmes include projects involving the establishment of facilities such as Approved Schools, Remand Homes, Nurseries and Orphanages in the new States and the expansion of existing ones. Social Welfare programmes in the States will cost a total of £4.908 million, while the total sum of £3.378 million is committed to Community Development projects. Only a few States have programmes for the development of Co-operatives with total combined allocation of £0.684 million.

TABLE 1

FEDERAL CAPITAL EXPENDITURE ON LABOUR AND SOCIAL WELFARE, 1970-74

£'million

Project	1970-71	1971-72	1972-73	1973-74	*Total*
1. National Youth Corps: 4 Pilot Project Camps of 500 Campers each ..	0.100	0.120	0.080	—	0.300
2. Centre for Management Development	—	0.040	0.050	0.060	0.150
3. Completion of National Stadium ..	1.000	0.748	—	—	1.748
4. Construction of Labour Offices and Employment Exchange in Sokoto, Maiduguri, Lokoja, Gombe, Katsina, Makurdi, Yola, Minna, Zaria, Uyo, Ogoja, Port Harcourt and Calabar ..	0.040	0.040	0.050	0.050	0.180
5. Reconstruction of damaged Labour Offices in the war-affected areas ..	0.010	0.020	—	—	0.030
6. Extension and modification of the Labour Offices at Kano, Kaduna, Jos, Ilorin and Warri	0.010	0.020	—	—	0.030
7. Brush Factory for Rehabilitation of the Blind	0.010	—	—	—	0.010
8. Rehabilitation of Beggars and Destitutes	0.030	0.030	0.040	—	0.100
9. Two Mobile Eye Clinics	—	0.016	—	—	0.016
10. Construction of New Provident Fund Office Building	—	—	0.100	0.100	0.200
11. Building to accommodate the Braille Press	0.015	—	—	—	0.015
12. Resettlement of Ex-Service Personnel	0.022	0.022	0.031	—	0.075
13. Nigerian Hotel and Catering School ..	—	0.050	0.100	—	0.150
TOTAL	1.237	1.106	0.451	0.210	3.004

TABLE 2

PUBLIC SECTOR CAPITAL EXPENDITURE ON SOCIAL WELFARE, COMMUNITY DEVELOPMENT AND CO-OPERATIVES, 1970-74

£'million

Government	1970-71	1971-72	1972-73	1973-74	*Total*
1. Benue-Plateau	0.025	0.050	0.063	0.087	0.225
2. East-Central	0.160	0.170	0.120	0.050	0.500
3. Kano	0.115	0.230	0.287	0.401	1.033
4. Kwara	0.148	0.296	0.370	0.518	1.332
5. Lagos	0.100	0.200	0.250	0.350	0.900
6. Mid-Western	0.042	0.084	0.105	0.145	0.376
7. North-Central	0.163	0.226	0.256	0.319	0.964
8. North-Eastern	0.097	0.194	0.242	0.349	0.882
9. North-Western	0.127	0.156	0.215	0.242	0.740
10. Rivers	0.100	0.102	0.105	0.111	0.418
11. South-Eastern	—	0.100	0.150	0.150	0.400
12. Western	0.134	0.268	0.335	0.463	1.200
TOTAL, ALL STATES	1.211	2.076	2.498	3.185	8.970
FEDERAL	1.237	1.106	0.451	0.210	3.004
TOTAL, PUBLIC SECTOR	2.448	3.182	2.949	3.395	11.974

CHAPTER 27

SUMMARY OF PUBLIC SECTOR PROGRAMMES

The various totals of probable capital expenditure disbursements by each government for each sector are summarised, for each year of the Plan period, in Tables 1 to 4 of this Chapter. The overall position for the four years, 1970-74, is also presented in Table 5. In addition, the percentage distribution of the probable capital disbursements for each government over the whole Plan period is set out in Table 6.

It will be observed that in each of Tables 1 through 5, there are twenty-three rows. Contained in row 23 is a nominal total, which is a simple summation of all capital expenditure programmes by all the governments. For the Plan period as a whole, this gives a figure of £1,025.369 million as in Table 5.

However, there are certain sums which feature in the programmes of both the Federal and States Governments but actually refer to the same investment schemes. Typical examples of such 'double counting' are Federal grants to the States authorities for part of their capital expenditures in the fields of Education, Agriculture and Administrative Infra-structure. In the present Plan, a total sum of £37.150 million falls into this category of inter-governmental transfers. If this is deducted from the nominal investment expenditure of £1,025.369 million, the gross total of the public sector investment programmes comes to £988.219 million.

On account of various implementation constraints such as availability of local finance, foreign exchange, executive capacity and inadequate project preparation, it has been estimated that about £208.219 million of the gross public sector investment programme might "spill-over" from the present Plan. If this is subtracted from the gross public sector investment expenditure of £988.219 million, the net public sector investment plan amounts to £780 million. Thus, over the Plan period, the probable spill-over in the public investment programme is about 21 per cent of the gross total.

Although the net total size of the public sector capital programmes has been thus estimated at £780.000 million, the probable aggregate capital formation in the economy over the Plan period by all public agencies is likely to be much greater. The classification of current budgets is such that at least 10 per cent of it in fact consists of capital items. In addition, the direct development efforts of local authorities have not, in all cases, been fully integrated with the Development Plan. Although such effort by a particular local authority may be marginal, because of their sheer number the combined efforts could amount to a sizeable sum over the four years of the Plan. If all these omissions are taken into account, the projected gross capital formation in the public sector over the Plan period, 1970-74, is not likely to be far below £900 million.

One feature of the public sector programme is the attempt to phase the capital expenditure proposals year by year. The resultant uneven time distribution is also significant. Instead of the expected continued rise through time, it starts off large, rises in the second year and thereafter falls. The nominal total of £229.716 million for the last year of the Plan is in fact lower than the first year figure of £236.760 million. The abonrmality in trend is indicative of the pattern of post-war reconstruction and the consequential replacement investment.

Probably of even greater significance is the sectoral percentage distribution of the nominal total capital expenditures as set out in Table 6. For the public sector as a whole, sectors classified as 'Economic' account for 56.7 per cent of total, with the 'Social sectors sharing 27.9 per cent, 'Administration' 14.5 per cent and 'Financial obligations' only 0.9 per cent. It is to be noted, however, that most public sector financial obligations (in terms of public debt-servicing) are treated under the recurrent budget. As between levels of government, the Federal Government is more dominant in the Economic sectors than the States Governments (63.7 per cent as against 48.3 per cent); while the contrary is true in the case of Social Services (13.0 per cent as against 45.5 per cent). It is clear that the States have to concentrate on the provision of Social Services with Federal assistance, while the Federal Government concentrates on Infrastructures and Defence and Security.

The biggest single sector is Transport with 23.7 per cent of total public sector programme and 30.1 per cent of the Federal Government's programme. For the States, Education constitutes the largest single sector (19.1 per cent), and the second largest (13.5 per cent) for the public sector as a whole. This appears to contrast with the 1962-68 Plan where the 'Economic sectors' accounted for 71.4 per cent as against the present 56.7 per cent. However, much of the difference arises from the fact that the two systems of sectoral classification are not the same. Another consideration is the greater relative importance of the 'Administration' sector both in terms of the need to put the twelve-State structure of government on a sound footing and of the necessity to develop a better and more efficient system of Defence and Security. A final factor is the need to replace war-damaged capacities in such Social Services like Education and Health.

TABLE I
TOTAL PUBLIC SECTOR CAPITAL INVESTMENT, 1970-71

£ million

Sector	Total	Federal Govern-ment	All States	Benue-Plateau	East-Central	Kano	Kwara	Lagos	Mid-Western	North-Central	North-Eastern	North-Western	Rivers	South-Eastern	Western
A. ECONOMIC															
1. Agriculture	20.500	4.545	15.955	0.645	2.239	3.917	0.364	0.455	0.934	0.681	0.826	0.759	0.707	1.962	2.466
2. Livestock, Forestry and Fishing	5.476	0.815	4.661	0.270	0.524	0.286	0.152	0.116	0.451	0.332	0.751	0.565	0.226	0.252	0.736
3. Mining	0.218	0.218	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry	18.028	5.402	12.626	0.330	2.595	0.665	0.312	0.100	2.305	0.730	0.516	0.548	0.990	1.085	2.450
5. Commerce and Finance	6.605	3.310	3.295	0.040	1.180	0.200	0.300	0.050	0.140	0.100	0.040	0.050	0.050	0.020	1.125
6. Fuel and Power	4.167	4.167	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport	62.762	48.833	13.929	0.655	1.286	0.800	0.980	0.500	2.223	0.603	1.125	0.600	0.900	1.485	2.772
8. Communications	18.505	18.505	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation	5.750	5.750	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total	142.011	91.545	50.466	1.940	7.824	5.868	2.108	1.221	6.053	2.446	3.258	2.522	2.873	4.804	9.549
B. SOCIAL															
11. Education	30.042	10.566	19.476	1.030	3.600	2.020	0.472	0.788	0.600	1.654	0.994	1.424	1.180	0.714	5.000
12. Health	10.975	2.190	8.785	0.201	1.511	1.068	0.233	0.205	1.026	0.717	0.623	0.765	0.779	0.345	1.312
13. Information	2.530	1.090	1.440	—	0.530	0.010	0.025	—	—	0.030	0.275	0.070	0.100	0.100	0.300
14. Labour and Social Welfare	2.448	1.237	1.211	0.025	0.160	0.115	0.148	0.100	0.042	0.163	0.097	0.127	0.100	—	0.134
15. Town and Country Planning	2.780	0.710	2.070	0.070	0.295	0.400	0.070	0.100	0.138	0.020	0.100	0.040	—	0.320	0.517
16. Water and Sewerage	12.581	—	12.581	0.794	0.903	0.560	0.374	1.175	0.250	2.057	0.718	0.430	0.300	0.370	4.650
17. Sub-Total	61.356	15.793	45.563	2.120	6.999	4.173	1.322	2.368	2.056	4.641	2.807	2.856	2.459	1.849	11.913
C. ADMINISTRATION															
18. General Administration	12.791	4.422	8.369	0.770	1.045	1.146	0.581	0.357	0.030	0.693	0.929	1.140	0.665	0.263	0.750
19. Defence and Security	18.500	18.500	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total	31.291	22.922	8.369	0.770	1.045	1.146	0.581	0.357	0.030	0.693	0.929	1.140	0.665	0.263	0.750
D. FINANCIAL															
21. Financial Obligations	2.102	2.102	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total	2.102	2.102	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total	236.760	132.362	104.398	4.830	15.868	11.187	4.011	3.946	8.139	7.780	6.994	6.518	5.997	6.916	22.212

TABLE 2

TOTAL PUBLIC SECTOR CAPITAL INVESTMENT, 1971-72

£ million

Sector	Total	Federal Government	All States	Benue-Plateau	East-Central	Kano	Kwara	Lagos	Mid-Western	North-Central	North-Eastern	North-Western	Rivers	South-Eastern	Western
A. ECONOMIC															
1. Agriculture	28.089	9.254	18.835	0.864	2.648	4.221	0.729	0.695	0.879	0.983	0.847	1.032	1.037	1.742	3.158
2. Livestock, Forestry and Fishing	6.902	1.101	5.801	0.220	0.624	0.478	0.196	0.709	0.565	0.231	0.495	0.496	0.430	0.202	1.155
3. Mining	0.481	0.481	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry	27.682	14.555	13.127	0.520	1.575	0.945	0.498	0.710	1.385	0.431	1.400	1.019	1.248	1.007	2.389
5. Commerce and Finance	4.385	2.820	1.565	0.020	0.180	0.400	0.400	0.050	0.190	0.050	0.020	0.050	0.050	0.030	0.125
6. Fuel and Power	10.508	10.508	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport	72.673	53.320	19.353	1.245	1.450	2.030	0.900	0.750	1.939	1.450	2.072	0.770	2.850	1.470	2.427
8. Communications	8.976	8.976	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation	3.900	3.900	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total	163.596	104.915	58.681	2.869	6.477	8.074	2.723	2.914	4.958	3.145	4.834	3.367	5.615	4.451	9.254
B. SOCIAL															
11. Education	40.894	12.945	27.949	1.472	2.900	2.655	0.646	1.309	2.800	2.252	1.198	2.043	1.710	0.964	8.000
12. Health	13.605	2.630	10.975	0.219	2.040	0.985	0.883	1.668	1.071	0.712	0.817	0.953	0.969	0.298	1.360
13. Information	2.777	1.483	1.294	0.100	0.130	0.020	0.035	0.040	0.100	0.040	0.164	0.130	0.125	0.110	0.300
14. Labour and Social Welfare	3.182	1.106	2.076	0.050	0.170	0.230	0.296	0.200	0.084	0.226	0.194	0.156	0.102	0.100	0.268
15. Town and Country Planning	4.203	1.550	2.653	0.070	0.565	0.350	0.070	0.100	0.150	0.025	0.150	0.050	0.250	0.325	0.548
16. Water and Sewerage	13.698	—	13.698	1.045	1.010	1.100	0.884	1.055	0.950	2.814	0.870	0.465	0.700	0.405	2.400
17. Sub-Total	78.359	19.714	58.645	2.956	6.815	5.340	2.814	3.372	5.155	6.069	3.393	3.797	3.856	2.202	12.876
C. ADMINISTRATION															
18. General Administration	15.146	6.576	8.570	0.641	1.115	1.213	0.454	0.610	0.540	0.348	0.967	0.974	0.646	0.312	0.750
19. Defence and Security	24.280	24.280	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total	39.426	30.856	8.570	0.641	1.115	1.213	0.454	0.610	0.540	0.348	0.967	0.974	0.646	0.312	0.750
D. FINANCIAL															
21. Financial Obligations	3.158	3.158	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total	3.158	3.158	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total	284.539	158.643	125.896	6.466	14.407	14.627	5.991	6.896	10.653	9.562	9.194	8.138	10.117	6.965	22.880

TABLE 3

TOTAL PUBLIC SECTOR CAPITAL INVESTMENT, 1972-73

£million

Sector	Total	Federal Govern-ment	All States	Benue-Plateau	East-Central	Kano	Kwara	Lagos	Mid-Western	North-Central	North-Eastern	North-Western	Rivers	South-Eastern	Western
A. ECONOMIC															
1. Agriculture	30.635	8.768	21.867	0.732	2.753	4.512	0.768	0.950	1.305	0.826	1.448	1.184	1.289	1.931	4.169
2. Livestock, Forestry and Fishing ..	6.993	0.856	6.137	0.287	0.577	0.328	0.203	0.876	0.746	0.142	0.564	0.424	0.638	0.187	1.165
3. Mining	0.803	0.803	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry	23.342	13.170	10.172	0.580	0.825	0.945	0.637	0.770	0.936	0.431	1.460	0.405	0.938	0.462	1.783
5. Commerce and Finance	4.830	3.320	1.510	0.020	0.130	0.440	0.500	0.050	0.050	0.050	0.020	0.050	0.050	0.025	0.125
6. Fuel and Power ..	16.829	16.829	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport	61.676	38.867	22.809	2.570	1.505	1.664	0.690	1.250	2.186	2.350	3.295	1.190	2.500	1.670	1.939
8. Communications ..	8.721	8.721	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation ..	0.350	0.350	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total	154.179	91.684	62.495	4.189	5.790	7.889	2.798	3.896	5.223	3.799	6.787	3.253	5.415	4.275	9.181
B. SOCIAL															
11. Education	38.738	12.865	25.873	1.244	1.500	2.315	0.758	0.971	2.000	2.693	1.277	2.197	1.700	1.218	8.000
12. Health	14.734	2.840	11.894	0.225	2.180	1.320	0.909	0.775	1.067	0.798	0.756	1.230	0.739	0.425	1.470
13. Information.. ..	3.314	1.659	1.655	0.150	0.090	—	0.040	0.060	0.200	0.050	0.200	0.140	0.135	0.190	0.400
14. Labour and Social Welfare ..	2.949	0.451	2.498	0.063	0.120	0.287	0.370	0.250	0.105	0.256	0.242	0.215	0.105	0.150	0.335
15. Town and Country Planning ..	5.536	1.592	3.944	0.070	0.445	0.500	0.170	0.150	0.200	0.780	0.180	0.060	0.200	0.580	0.609
16. Water and Sewerage	13.828	—	13.828	1.410	0.500	1.600	0.865	0.950	1.250	2.205	0.678	0.500	0.700	0.670	2.500
17. Sub-Total	79.099	19.407	59.692	3.162	4.835	6.022	3.112	3.156	4.822	6.782	3.333	4.342	3.579	3.233	13.314
C. ADMINISTRATION															
18. General Administration	12.691	5.981	6.710	0.415	0.930	0.486	0.440	0.835	0.500	0.263	0.427	0.833	0.646	0.185	0.750
19. Defence and Security	26.290	26.290	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total	38.981	32.271	6.710	0.415	0.930	0.486	0.440	0.835	0.500	0.263	0.427	0.833	0.646	0.185	0.750
D. FINANCIAL															
21. Financial Obligations	2.095	2.095	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total	2.095	2.095	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total ..	274.354	145.457	128.897	7.766	11.555	14.397	6.350	7.887	10.545	10.844	10.547	8.428	9.640	7.693	23.245

TABLE 4

TOTAL PUBLIC SECTOR CAPITAL INVESTMENT, 1973-74

£million

Sector	Total	Federal Government	All States	Benue-Plateau	East-Central	Kano	Kwara	Lagos	Mid-Western	North-Central	North-Eastern	North-Western	Rivers	South-Eastern	Western
A. ECONOMIC															
1. Agriculture.. ..	28.439	8.268	20.171	0.683	2.749	4.089	0.509	0.900	0.982	0.729	1.009	1.007	1.234	2.020	4.260
2. Livestock, Forestry and Fishing ..	5.633	0.416	5.217	0.125	0.525	0.275	0.080	1.054	0.648	0.111	0.543	0.362	0.815	0.166	0.513
3. Mining	1.084	1.084	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry	17.017	7.690	9.327	0.520	0.655	0.945	0.709	0.880	0.737	0.976	0.655	0.555	0.857	0.455	1.383
5. Commerce and Finance	3.070	1.520	1.550	0.020	0.110	0.500	0.500	0.050	0.050	0.050	0.020	0.050	0.050	0.025	0.125
6. Fuel and Power ..	13.821	13.821	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport	45.488	26.113	19.375	2.540	0.760	1.006	0.780	1.500	2.543	1.918	3.478	0.750	1.240	1.585	1.275
8. Communications ..	6.439	6.439	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total ..	120.991	65.351	55.640	3.888	4.799	6.815	2.578	4.384	4.960	3.784	5.705	2.724	4.196	4.251	7.556
B. SOCIAL															
11. Education	29.219	12.746	16.473	1.499	—	1.110	0.732	0.741	1.363	2.543	0.931	1.751	0.985	1.318	3.500
12. Health	14.497	2.470	12.027	0.240	1.269	1.537	1.186	0.852	1.038	0.814	0.937	1.327	0.725	0.632	1.470
13. Information ..	2.310	0.550	1.760	0.150	0.250	—	—	—	0.200	0.060	0.200	0.160	0.140	0.100	0.500
14. Labour and Social Welfare	3.395	0.210	3.185	0.087	0.050	0.401	0.518	0.350	0.145	0.319	0.349	0.242	0.111	0.150	0.463
15. Town and Country Planning ..	6.556	1.435	5.121	0.090	0.445	0.350	0.190	0.150	0.200	1.275	0.170	0.050	0.600	0.775	0.826
16. Water and Sewerage	11.589	—	11.589	1.074	1.000	1.240	0.915	1.184	1.250	0.457	0.441	0.638	0.800	0.595	1.995
17. Sub-Total ..	67.566	17.411	50.155	3.140	3.014	4.638	3.541	3.277	4.196	5.468	3.028	4.168	3.361	3.570	8.754
C. ADMINISTRATION															
18. General Administration	11.742	6.453	5.289	0.377	1.161	0.401	0.333	0.735	—	0.202	0.370	0.139	0.646	0.175	0.750
19. Defence and Security	27.290	27.290	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total ..	39.032	33.743	5.289	0.377	1.161	0.401	0.333	0.735	—	0.202	0.370	0.139	0.646	0.175	0.750
D. FINANCIAL															
21. Financial Obligations	2.127	2.127	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total ..	2.127	2.127	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total	229.716	118.632	111.084	7.405	8.974	11.854	6.452	8.396	9.156	9.454	9.103	7.031	8.203	7.996	17.060

TABLE 5

TOTAL PUBLIC SECTOR CAPITAL INVESTMENT, 1970-74

£million

Sector	Total	Federal Government	All States	Benue-Plateau	East-Central	Kano	Kwara	Lagos	Mid-Western	North-Central	North-Eastern	North-Western	Rivers	South-Eastern	Western
A. ECONOMIC															
1. Agriculture ..	107.663	30.835	76.828	2.924	10.389	16.739	2.370	3.000	4.100	3.219	4.130	3.982	4.267	7.655	14.053
2. Livestock, Forestry and Fishing ..	25.004	3.188	21.816	0.902	2.250	1.367	0.631	2.755	2.410	0.816	2.353	1.847	2.109	0.807	3.569
3. Mining ..	2.586	2.586	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry ..	86.069	40.817	45.252	1.950	5.650	3.500	2.156	2.460	5.363	2.568	4.031	2.527	4.033	3.009	8.005
5. Commerce and Finance ..	18.890	10.970	7.920	0.100	1.600	1.540	1.700	0.200	0.430	0.250	0.100	0.200	0.200	0.100	1.500
6. Fuel and Power ..	45.325	45.325	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport ..	242.599	167.133	75.466	7.010	5.001	5.500	3.350	4.000	8.891	6.321	9.970	3.310	7.490	6.210	8.413
8. Communications ..	42.641	42.641	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation ..	10.000	10.000	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total ..	580.777	353.495	227.282	12.886	24.890	28.646	10.207	12.415	21.194	13.174	20.584	11.866	18.099	17.781	35.540
B. SOCIAL															
11. Education ..	138.893	49.122	89.771	5.245	8.000	8.100	2.608	3.809	6.763	9.142	4.400	7.415	5.575	4.214	24.500
12. Health ..	53.811	10.130	43.681	0.885	7.000	4.910	3.211	2.500	4.202	3.041	3.133	4.275	3.212	1.700	5.612
13. Information ..	10.931	4.782	6.149	0.400	1.000	0.030	0.100	0.100	0.500	0.180	0.839	0.500	0.500	0.500	1.500
14. Labour and Social Welfare ..	11.974	3.004	8.970	0.225	0.500	1.033	1.332	0.900	0.376	0.964	0.882	0.740	0.418	0.400	1.200
15. Town and Country Planning ..	19.075	5.287	13.788	0.300	1.750	1.600	0.500	0.500	0.688	2.100	0.600	0.200	1.050	2.000	2.500
16. Water and Sewerage ..	51.696	—	51.696	4.323	3.413	4.500	3.038	4.364	3.700	7.533	2.707	2.033	2.500	2.040	11.545
17. Sub-Total ..	286.380	72.325	214.055	11.378	21.663	20.173	10.789	12.173	16.229	22.960	12.561	15.163	13.255	10.854	46.857
C. ADMINISTRATION															
18. General Administration ..	52.370	23.432	28.938	2.203	4.251	3.246	1.808	2.537	1.070	1.506	2.693	3.086	2.603	0.935	3.000
19. Defence and Security ..	96.360	96.360	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total ..	148.730	119.792	28.938	2.203	4.251	3.246	1.808	2.537	1.070	1.506	2.693	3.086	2.603	0.935	3.000
D. FINANCIAL															
21. Financial Obligations ..	9.482	9.482	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total ..	9.482	9.482	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total ..	1,025.369	555.094	470.275	26.467	50.804	52.065	22.804	27.125	38.493	37.640	35.838	30.115	33.957	29.570	85.397

TABLE 6

TOTAL PUBLIC SECTOR CAPITAL INVESTMENT ,1970-74

Percentage Distribution

Sector	*Total*	*Federal Government*	*All States*	*Benue-Plateau*	*East-Central*	*Kano*	*Kwara*	*Lagos*	*Mid-Western*	*North-Central*	*North-Eastern*	*North-Western*	*Rivers*	*South-Eastern*	*Western*
A. ECONOMIC															
1. Agriculture	10.5	5.5	16.3	11.0	20.5	32.1	10.4	11.1	10.6	8.5	11.4	13.2	12.5	25.9	16.5
2. Livestock, Forestry and Fishing ..	2.4	0.6	4.6	3.4	4.4	2.6	2.8	10.2	6.3	2.2	6.6	6.1	6.2	2.7	4.2
3. Mining	0.3	0.5	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Industry	8.4	7.3	9.6	7.4	11.1	6.7	9.4	9.1	13.9	6.8	11.3	8.4	11.9	10.2	9.4
5. Commerce and Finance	1.8	2.0	1.7	0.4	3.2	3.0	7.5	0.7	1.1	0.7	0.3	0.7	0.6	0.3	1.7
6. Fuel and Power ..	4.4	8.2	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Transport	23.7	30.1	16.1	26.5	9.8	10.6	14.7	14.7	23.1	16.8	27.8	11.0	22.1	21.0	9.8
8. Communications ..	4.2	7.7	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Resettlement and Rehabilitation ..	1.0	1.8	—	—	—	—	—	—	—	—	—	—	—	—	—
10. Sub-Total ..	56.7	63.7	48.3	48.7	49.0	55.0	44.8	45.8	55.0	35.0	57.4	39.4	53.3	60.1	41.6
B. SOCIAL															
11. Education	13.5	8.8	19.1	19.8	15.7	15.6	11.4	14.0	17.6	24.3	12.3	24.6	16.4	14.2	28.7
12. Health	5.2	1.8	9.3	3.4	13.8	9.4	14.1	9.2	10.9	8.1	8.7	14.2	9.4	5.7	6.6
13. Information	1.1	0.9	1.3	1.5	2.0	0.1	0.5	0.4	1.3	0.5	2.3	1.6	1.5	1.7	1.8
14. Labour and Social Welfare	1.2	0.5	1.9	0.9	1.0	2.0	5.8	3.3	1.0	2.5	2.5	2.4	1.2	1.4	1.4
15. Town and Country Planning ..	1.9	1.0	2.9	1.1	3.4	3.1	2.2	1.9	1.8	5.6	1.7	0.7	3.1	6.8	2.9
16. Water and Sewerage	5.0	—	11.0	16.3	6.7	8.6	13.3	16.1	9.6	20.0	7.5	6.8	7.4	6.9	13.5
17. Sub-Total ..	27.9	13.0	45.5	43.0	42.6	38.8	47.3	44.9	42.2	61.0	35.0	50.3	39.0	36.7	54.9
C. ADMINISTRATION															
18. General Administration ..	5.1	4.2	6.2	8.3	8.4	6.2	7.9	9.3	2.8	4.0	7.5	10.3	7.7	3.2	3.5
19. Defence and Security	9.4	17.4	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Sub-Total	14.5	21.6	6.2	8.3	8.4	6.2	7.9	9.3	2.8	4.0	7.5	10.3	7.7	3.2	3.5
D. FINANCIAL															
21. Financial Obligations	0.9	1.7	—	—	—	—	—	—	—	—	—	—	—	—	—
22. Sub-Total ..	0.9	1.7	—	—	—	—	—	—	—	—	—	—	—	—	—
23. Nominal Total ..	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

CHAPTER 28

THE PRIVATE SECTOR AND DEVELOPMENT PLANNING

Development planning in one form or another has been undertaken in Nigeria for almost a quarter of a century, beginning in 1946 with the "Ten-year Plan of Development and Welfare of Nigeria". All the 'programmes' and 'plans' that have been formulated and implemented since then had a common feature : they either completely ignored the private sector of the economy or in more recent times, acknowledged the existence of that sector but merely expressed the hope that the sector would be able to meet some aggregate investment target.

While such relaxed treatment of the private sector might have some justification two decades ago, any realistic planning exercise in the Nigeria of the 1970's must take full and positive account of the scope and influence of the private sector. The sector covers vital developmental activities in Agriculture, Mining and Quarrying, Manufacturing, Building and Construction, Distribution and some areas in Transportation. In 1966-67, these activity sectors contributed £1,405 million to the gross domestic product, accounting for a percentage share of 87.5 per cent. Private sector contributed the substantial part of this. Another index of the significance of the Private Sector is the amount of employment which it generates. The agricultural sector alone still accounts for at least 70 per cent of total gainful occupation, while the shares of Distribution (Commerce), Manufacturing and Construction are about 13 per cent, 10 per cent and 0.6 per cent respectively. Thus, about 95 per cent of Nigerians are employed in private-sector activities in one way or the other.

These contributions clearly underscore the importance of the private sector. But what is even perhaps more significant for development policy is the fact that these proportionate contributions may tend to increase in future. It is true that the percentage contribution of Agriculture has been declining and will continue to do so in the near future, but the expected boom in Manufacturing and Mining may to some extent, offset this structural decline.

1. Performance

During the last Plan period 1962-68, the contribution of the Private Sector to Gross Capital Formation was about £806 million. This represents an average annual contribution of £134 million. Actual annual performance was as follows :—

TABLE 1

TOTAL PRIVATE SECTOR GROSS CAPITAL FORMATION 1962-68

	In £'million
1962-63	104.1
1963-64	113.2
1964-65	134.6
1965-66	155.4
1966-67	156.9
1967-68	141.7

The figures indicate that the rate of growth of Private Sector gross capital formation increased from 8.7 per cent in 1963-64 to 18.9 per cent in 1964-65, thereafter declined to 15.5 per cent in 1965-66 and 0.9 per cent in 1966-67. At the height of the crisis in 1967-68, the growth rate was 10 per cent, representing an absolute fall of over £15 million over the level reached in the preceding year. In general, the growth rate was 15 per cent over the last Plan period.

Such an investment performance by the Private Sector is quite impressive. But probably even more important is the structure of the total investment undertaken by the sector and the changes which occurred in its composition during the Plan period. Such structural changes are summarised in Table 2. In 1962-63, residential and non-residential buildings of all types accounted for 34.5 per cent of gross capital formation in the Sector, while Plant, Machinery and Equipment had a share of 27 per cent. Civil Engineering Works, Vehicles, and Land and Mining Development had percentage shares of 9.5 per cent, 4.3 per cent and 24.6 per cent respectively. It is assumed that Plant, Machinery and Equipment are, within the capital mix of industry, a very crucial element for output in so far as they constitute directly industrial productive capacity. It should thus be of interest to examine the proportionate share of this item in private capital formation over the last Plan period. From 27 per cent in 1962-63, the share of Plant and Machinery rose to 28.7 per cent in 1963-64, 36.1 per cent in 1964-65 declined slightly to 34.6 per cent in 1965-66, rose again to 38.6 per cent in 1966-67, and remained at about that level in 1967-68. Another striking structural change over the period was in respect of Vehicles whose share in gross capital formation rose from a lowly 4.3 per cent in 1962-63 to 10.2 per cent in 1963-64, 13.4 per cent in 1964-65, declining thereafter to 12.9 per cent in 1965-66 and 9.6 per cent for each of the last two years of the Plan period. Also important was the behaviour of Land and Mining Development, particularly during the first four years of the period when its proportionate share fell steadily from 24.6 per cent in 1962-63 to 21.7 per cent in 1963-64 and 19.1 per cent for each of the years 1964-65 and 1965-66. Taken together, the trend in the structure of private capital formation suggests a shift to assets which contribute more directly to productive capacity. They also underline the increasing importance of Manufacturing and Transportation activities in the economy during the 1960's.

A brief examination of the main production sectors may throw further light on the impact of these structural shifts in capital formation. Information is incomplete on the gross capital formation undertaken by the individual production sectors: Agriculture, Mining, Manufacturing, Distribution and Transportation. The data available are only in respect of the first three years of the Plan period. However, estimates have been made for the last three years based on the known contribution of the various sub-sectors to the gross domestic product.

TABLE 2

Composition of Private Sector Gross Capital Formation, 1962-63 to 1967-68

Type of Assets	*Level (In £'million)*							*Distribution (In Percentages)*						
	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	*Total*	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	*Total*
Buildings (Residential and Non-Residential)	27.2	23.3	26.8	27.1	28.9	26.0	159.3	26.1	20.6	19.9	17.4	18.4	18.3	19.8
Civil Engineering Works	9.9	12.5	6.8	12.5	12.5	11.2	65.4	9.5	11.0	5.1	8.0	8.0	7.9	8.1
Vehicles	4.5	11.6	18.1	20.1	15.1	13.6	83.0	4.3	10.2	13.4	12.9	9.6	9.6	10.3
Plant, Machinery and Equipment ..	28.2	32.5	48.6	53.7	60.5	54.4	277.9	27.0	28.7	36.1	34.6	38.6	38.4	34.6
Land and Mining Development ..	25.6	24.6	25.7	29.7	29.6	27.3	162.5	24.6	21.7	19.1	19.1	18.9	19.3	20.2
Households (Dwellings) ..	8.7	8.7	8.6	10.3	10.3	9.2	55.8	8.4	7.7	6.6	6.6	6.6	6.5	7.0
TOTAL	104.1	113.2	134.6	155.4	156.9	141.7	805.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0

It should be noted that the analysis presented here relates not to financial years as in the case of global performance analysed in Table 2, but to calendar years. The importance of this point is the fact that since the bases of the two sets of figures are not the same, the summation of the capital formation undertaken by the individual sub-sectors may be different from the figures in the Table. With this caveat in mind, the performance of the sub-sectors can be summarised as follows :

(*a*) *Agriculture*—The agricultural investment figures here relate only to Plantation Agriculture and exclude the very important investments undertaken by the peasant farmers. Considering that the contribution of Plantation Agriculture as a proportion of total agricultural output is very small indeed, the figures presented would seriously understate capital formation in Agricultural activities as a whole. For 1962, it is estimated that capital formation in Plantation Agriculture was £5.2 million, rising to £7.5 million in 1963 but £7.4 million in 1964. The implied rates of growth are 36.4 per cent and —1.3 per cent respectively. In 1965, the estimate was £7.4 million, falling to £7.3 million in 1966 and £6.9 million in 1967. There was decidedly, a declining trend from 1963.

(*b*) *Mining*—In terms of rates of increase, this proved to be the most dynamic sub-sector during the last plan period. Gross capital formation in mining was £20.5 million in 1962, £24.8 million in 1963 and £46.9 million in 1964. The rates of growth were 21 per cent between 1962 and 1963 and 89.1 per cent between 1963 and 1964. The explanation for the phenomenal rise in the level of the gross capital formation in mining between 1963 and 1964 was the oil boom which entered its early stages during that period. Estimates for the last three years of the plan period would suggest that gross capital formation in Mining was £81.4 million in 1965 and £113.0 million in 1966 but dropping sharply to £56 million in 1967 coinciding with the outbreak of civil war.

(*c*) *Manufacturing*—In 1962, estimated gross capital formation in the Manufacturing sub-sector was about £41.8 million. There was a small rise in 1963 when the figure reached £43.3 million representing an increase of 3.6 per cent. However, there was an upsurge in investment activities in the sub-sector, in 1964, when the figure rose to £50.6 million, implying a growth rate of 16.6 per cent. Although direct information is not yet available in respect of capital formation in the sub-sector during the last three years of the plan period, indirect estimates would suggest a level of £58.9 million in 1965, £59.8 million in 1966 and £65.0 million in 1967.

(*d*) *Distribution*—Between 1962 and 1964, capital formation in Distribution rose from £8.4 million in 1962 to £14.3 million in 1963 but fell to £5.9 million in 1964. For the years 1965, 1966 and 1967 estimated capital formation was of the order of £6.1 million, £6.0 million and £5.7 million respectively.

(*e*) *Building and Construction*—In the Building and Construction sub-sector, capital formation rose from £2.2 million in 1962 to £6.2 million in 1963 and declined by about 50 per cent to £3 million in 1964. In 1965, performance rose to £3.7 million, and showed a marginal improvement in 1966 when it reached £3.8 million. There was a mild decline in 1967 when estimated capital formation was about £3.4 million.

(*f*) *Transport*—Although road transportation falls properly within the private sector, it is difficult to treat its contribution to gross capital formation in the private sector because the figures available represent the achievement of both Transport and Communications which subsume considerable public sector components (the Rail and Air Transport and the whole of Communications). On the assumption that about 20 per cent of the activities in Transportation are attributed to the Private Sector, the private-sector component of capital formation in Transportation will be about £4.6 million in 1962, £6 million in 1963 and about £5 million in

1964. Using the growth performance of this sector as a base, it is estimated that private-sector contribution to investment in Transportation was about £5 million in 1965 and £4.7 million in 1966 with a slight decline to £4.0 million in 1967.

During the period under review, there was in existence an array of policy instruments designed to encourage investment in every sector of the economy. These include, inter alia, Industrial Development Income Tax Relief as well as Import Duties Relief. Others were the Approved Users Scheme, Customs Draw Back Regulations and various non-statutory measures like the provision of industrial estates and the free transfer of profits and dividends. The details of these incentives and an appraisal of their over-all and relative effectiveness on the Private Sector are further examined in Chapter 29.

2. Need to Integrate Private Sector in National Planning

The main purpose of formulating a development plan is to ensure the achievement of a set of national objectives and priorities. The achievement of such objectives can be sought in two complementary ways: through direct investment action by Government and, indirectly, through a set of mutually-consistent policies that induce or compel functional units within the national economy to conform to the pattern of economic behaviour postulated by the objectives and priorities. The formulation, adoption and implementation of a development plan represents, among other measures, direct investment action by the public sector.

In the private sector, the achievement of national objectives as conceived and formulated by Government can be sought through a combination of direct action (in the form of Government investment singly or jointly with private corporate bodies) and indirectly through the enunciation and operation of relevant policies formulated within an indicative plan for the private sector. A variety of arguments (economic, social and political) can be advanced in support of such a plan.

In the first place, since the various sectors of the economy are functionally related and interdependent, it is absolutely essential that public and private investment decisions should be harmonised and made consistent with each other within the framework of a national plan. There must, in other words, be a set of universal plans embracing all segments of the economy. Secondly, the information made available in such an exercise may reduce the degree of ignorance regarding the future, and thus encourage private investment decision-makers to repose greater confidence in the economy and be more daring in their business activities. Thirdly, in terms of investment psychology, it is important that private firms be assured that there will be a continuous and general forward movement of all the sectors, albeit, at different rates. Fourthly, in an economy such as Nigeria's (where much growth potential exists in the Manufacturing and Mining sectors both of which are privately owned and which are not only private but also foreign-dominated), it is necessary that an indicative plan should be formulated with a view to reducing the double divergence that exists, firstly between public and private interests, and secondly between the interests of the nationals and those of the foreign investors. Fifthly, and perhaps most important, any development plan that fails to come to grips with the problems of a private sector which generates between 80 per cent and 90 per cent of both income and employment, must be regarded as severely incomplete and limited as an instrument for economic and social transformation.

3. Scope and Character of Private Sector Planning

It should be emphasized that it is neither necessary nor feasible to attempt to plan the private sector in the same manner as the public sector. Government mainly seeks to influence decision-makers in that sector through broad policies that will, hopefully, reduce the degree of potential conflict between the goals and objectives of the private and public sectors.

Indicative planning in the private sector requires the establishment of quantitative output targets for the strategic sub-sectors within the sector. The consistency of such targets with one another can be checked through a set of interlocking tables for each industry and for the economy as a whole. This is done by social accounting projections using standard national income and input-output procedures.

All these call for a wealth of refined statistics not yet available in Nigeria. This difficulty is compounded by the fact that the agricultural sector, which accounts for about 55 per cent of the gross domestic product and 70 per cent of gainful occupation, is dominated by peasant proprietorship. Very little is known about the consumption, saving and investment behaviours of decision-makers in this sub-sector. The present exercise has brought out clearly these problems of statistical deficiency and will stimulate effort in the collection and analysis of data for comprehensive planning.

For the current Plan, therefore, indicative planning has been limited to influencing the quantum and composition of investments undertaken in the private sector in order to ensure that such investment activities are in consonance with national objectives and priorities. On the basis of investment projections, based partly on past performance and partly on the investment requirements of the economy, it is estimated that the entire private sector should be able to undertake over the Plan period 1970-74, a gross investment of the order of £815 million, consisting of about £692 million for the incorporated businesses and £123 million for the rest of the private sector.

During the last plan period, total private investment in the incorporated sub-sector (Manufacturing, Mining, Construction, Distribution and some Road Transportation) was probably of the order of £120 million per year. Compared with this figure, the expected corresponding average private investment of £173 million per annum in the current Plan may on first appearance look high. However, given the basic strength of the economy which the civil war has so clearly underscored and the various policy reforms indicated in the current Plan, it is very reasonable to expect that this investment target will be achieved. A good factor for optimism is the size of the Nigerian market defined in terms of physical area, population and purchasing power. The market is not only big in all three senses, but growing very fast in terms of effective demand and purchasing power. Given the rich and diversified resource endowment of the nation and the political stability which the conclusion of the civil war presages, investors would be readily prepared to commit resources to the future development of the economy as indicated in the investment targets. Moreover, there is in existence an array of selective incentives which should help to achieve the quantum and distribution of investment envisaged.

In view of all these considerations, there is little doubt that private investors (foreign and indigenous) can achieve the global investment targets set for them. To facilitate discussion of the problems that face the sector and the policy measures necessary for achieving the targets, a distinction has been made between Incorporated Businesses and Households. These two sub-sectors of the private sector are discussed respectively in Chapters 29 and 30. Incorporated Businesses include most of Manufacturing, Mining and Construction activities, while the Households comprise most of Agriculture, Housing, Distribution (excluding Marketing Boards and Departmental Stores), Road Transportation, Small-Scale Industries, Crafts, Voluntary Agencies, Non-Profit Organisations and Miscellaneous activities by individuals.

CHAPTER 29

INCORPORATED BUSINESSES

Before the outbreak of the civil war, Incorporated Businesses in the private sector (Manufacturing, Mining, Construction, Commerce, Finance and incorporated sections of Road Transportation and Distribution) generated about 20 per cent of the gross domestic product. During the war years, the contribution of Mining declined by more than 50 per cent due to production dislocation in the oilfields. But the Manufacturing boom triggered off by import restrictions more than compensated for this loss, growing in output by about 60 per cent between 1966 and 1969. In terms of total employment (both wage-employment and self-employment), the contribution of Incorporated Businesses sector has been rather modest. According to the Manpower Survey of 1966, Manufacturing, Mining and Construction combined, employed about 200,000 persons thus accounting for about only 1 per cent of estimated total wage and non-wage employment. As indicated in Chapter 28, the main problem of the sector is not likely to be the achievement of a quantitative investment target of about £693 million over the Plan period, but rather the establishment of an investment pattern that will be consistent with national priorities.

1. Manufacturing

Despite the civil war, investment in Manufacturing grew steadily during the last plan period, from about £42 million in 1962-63 to about £70 million in 1967-68. For 1969-70, the estimate is £65 million. During the current Plan period, the contribution of Manufacturing to the National Income is expected to grow at the rate of 15-18 per cent per annum. On the basis of this expected growth performance, capital investment in private-sector manufacturing is expected to grow from £74.8 million in 1970-71 to £117.4 million in 1973-74. For the four years, a total additional capital investment of £378.5 million is expected to be undertaken in the sub-sector.

(*a*) *Growth of Manufacturing.*—Investment in Manufacturing provides the opportunity for a wide and seemingly endless range of new production possibilities. Consequently, it offers public policy a great challenge for influencing the level, composition and direction of Manufacturing output and capital formation.

The establishment of national priorities in industry has to be predicated upon a close analysis of recent industrial performance in the economy. In 1957, the gross output of manufacturing industries was about £47.4 million, contributing only 2 per cent to the gross domestic product. By 1967, it had grown to about £255.4 million, representing more than a five-fold increase. Over the same period, there was a five-fold increase in the value—added which rose from £21 million in 1957 to about £113 million in 1967. The policy strategy during this period was to encourage, on all fronts, the local production of several goods that were previously imported. This policy of imports substitution can be said to have been successful not only in terms of the performance statistics indicated, but also in terms of the near-self-sufficiency which the country has achieved in respect of a number of manufactured commodities. Before the disruptions of the civil war, such products included paints and varnishes, shoes, beer and soft-drinks, flour, textiles, biscuits, automobile tyres, cement, soap and domestic detergents. Yet, Nigeria has not approached the limits of import substitution inspite of the significant progress which has been made over the past two decades.

What is, however, now crucial to the development and progress of the economy is not the mere local manufacture of a wide range of products but the net impact which such manufacturing activities can contribute to the growth of income and employment. The criterion of performance should henceforth, in other words, be value added to output within Nigeria. Particularly important is also the summation of the forward and backward linkages arising from a given set of manufacturing activities.

(*b*) *Changing Industrial Strategy.*—It follows, therefore, that the focal point of industrial policy for the present Plan must be on how to maximize the value-added to the gross domestic product and not merely to increase the range of products manufactured locally. This means that emphasis will shift to the manufacture of intermediate and capital goods and other industrial inputs. A sample of the kind of intermediate goods envisaged is indicated below :

(*i*) Industrial yarn ;

(*ii*) Pulp and Paper ;

(*iii*) Iron and Steel tubes, rods, and structures (from scraps initially) ;

(*iv*) Bottles (for soft-drinks, beer, wines, spirits, pharmaceuticals and cosmetics) ;

(*v*) Tins and Cans (for canning meat, fruits, vegetables, dairy and fish) ;

(*vi*) Paper and cardboard containers ;

(*vii*) Industrial Chemicals ;

(*viii*) Artificial fibres and plastic granules ;

(*ix*) Fertilisers ;

(*x*) Tanned leather for shoe and upholstery manufacture ;

(*xi*) Nuts and bolts ;

(*xii*) Nails (roofing nails, washers and wire nails) ;

(*xiii*) Printing ink.

Currently, about 60 per cent of total industrial output is for final consumption. This means that local industries have to rely rather heavily on the importation of essential raw materials and machinery. The production of more intermediate goods at home will reduce the import dependence of local industry, increase the value-added and reduce the burden on foreign exchange resource.

Flowing from the central objective of maximizing the net contribution of industry to the gross domestic product is the need to focus attention on agro-allied industries which will utilise locally-grown agricultural products as their main inputs. The use of such local raw materials will mean that such industries will be making a greater net impact on income and employment within the economy.

The Nigerian economy is endowed with many natural resources. The success with which these are exploited in the national interest is one of the major determinants of the country's rate of economic and social advancement. At present, the petroleum industry essentially mines and exports crude oil, undertaking only some limited refining to meet domestic demand for various grades of motor spirit. It will appear, therefore, that the vast potentials of the petroleum industry remain virtually untapped. The bye-products of petroleum mining and refining are essential inputs for the gas, petro-chemical and chemical industries including the manufacture of artificial fibres, plastics and fertilizers.

In order to maximize the impact of the petroleum industry on the Nigerian economy, there is thus a need to establish gas, petro-chemical and chemical industries. This will serve the dual purpose of increasing the value added by the oil industry to the gross domestic product as well as providing some of the intermediate goods (chemicals, fertilizers, plastic granules, artificial fibres, industrial gas, etc.) required in existing or proposed industries. It will also reduce the import content of domestic manufactures, with a consequent favourable impact on the balance of payments.

The pursuit of a better industrial strategy in the private sector during the Plan period will therefore be sought through :—

(*i*) The production of capital and intermediate goods, involving in certain cases, more backward integration of existing industries.

(*ii*) The establishment of industries that will utilise substantial local resources.

(*iii*) A faster programme of Nigerianisation to reduce the 'earnings leakage' occasioned by the employment of unnecessarily large numbers of foreign nationals.

On the basis of the foregoing considerations, the following areas of industrial activities have been identified as priority areas for investment during the Plan period :

(*i*) Establishment and expansion of Agro-Allied Industries.

(*ii*) Establishment of Liquified Petroleum Gas and Petro-Chemical Industries.

(*iii*) Promotion of integration, forward linkage and diversification of the Textile Industry.

(*iv*) Establishment of a basic Iron and Steel Industry to provide the input for the manufacture of intermediate and capital goods and act as base for a future metallurgical complex.

(*v*) Establishment of a Passenger Motor Vehicle Assembly Plant.

(*vi*) Expansion of Export-Oriented Industries.

(*vii*) Further Import-Substitution in areas of current deficiency.

(*c*) *Pattern of new Private Manufacturing Investment*—The formulation of a realistic indicative plan for the private sector must be based on some knowledge of the intentions of the decision-makers in that sector regarding the future. For a variety of reasons, including the need to guard business secrets, it is difficult to obtain accurate information in this area. An attempt has, nevertheless, been made to analyse the limited information available on private investment proposals. Out of a total of 234 proposed new firms for which some data are available, 177 can be classified under Manufacturing. In terms of total number of firms seeking to invest within each sub-sector in total Manufacturing, the following ranking is suggested by the data as a rough indication of relative investment prospects attached by potential private investors. The firms covered are all of the large and medium-sized groups, and are almost entirely of foreign origin.

Ranking	*Industry Group*
1.	Spinning, Weaving and Finishing Textiles
2.	Manufacture of Metal Products except Machinery
3.	Manufacture of articles of Pulp Paper and Paper Board
4.	Electrical Apparatus and Appliances
5.	Miscellaneous Metal and Electrical Products
6.	Cordage, Rope and Twine
7.	Canning and Preserving of Fish and other Sea Foods
8.	Leather Products except Footwear
9.	Cocoa, Chocolate and Sugar Confectionery
10.	Miscellaneous Chemical Products
11.	Printing and Publishing
12.	Glass and Glass Products
13.	Furniture and Fixtures
14.	Miscellaneous Products of Petroleum
15.	Footwear

16. Canning and Preserving of Fruits and Vegetables
17. Grain Mill Products
18. Paints, Varnishes and Lacquers
19. Pulp and Paper
20. Rubber Products
21. Structural Clay Products

It is significant to note some discrepancies in the sub-sectoral ranking and the general industrial investment priorities discussed earlier from a policy standpoint. An example is the relatively lower importance attached to Agro-allied Industries by potential (foreign) investors. The number of firms with investment proposals in a particular industry is, of course, not a reliable index of the priority rating of that industry. Probably more valid is the amount of proposed investment. But even here, according to the analysis of investment proposals, textiles still rank first followed by metal products, representing respectively 46.4 per cent and 12.4 per cent of total proposed Manufacturing investment. Again, the order of priority which these figures imply are in sharp contrast to the national priorities already indicated. Still following the example of Agro-allied Industries which top the list of national priorities, they account here for only 0.1 per cent of total proposed Manufacturing investment with a rank order in the last fifth division of the table in the preceding paragraph. But perhaps the most important divergence of private from national industrial priorities is the almost complete absence of proposals in some vital areas to which the Government attaches great importance, notably Petro-Chemical and Chemical Industries.

The central purpose of an indicative plan for the private sector must, therefore, be to administer public policies such that private investment decisions are brought in line with identified national priorities. Existing instruments of policy will have to be supplemented with the introduction of new measures in a general programme of policy reform and extension, for faster and structurally healthier development of the national economy.

(*d*) *Investment Incentives.*—The special incentives offered at present to industrial enterprises in Nigeria are embodied in five basic legal instruments :

(*i*) the Industrial Development (Import Tax Relief) Act of 1958,

(*ii*) the Industrial Development (Import Duties Relief) Act of 1957,

(*iii*) the Customs Duties (Dumped and Subsidised Goods) Act of 1958,

(*iv*) the Customs (Draw Back) Regulations of 1958, and

(*v*) the Income Tax (Amendment) Act of 1959.

Additional incentives of a non-statutory nature are the provision of Industrial Estates and the Approved Users Scheme.

Under the Industrial Development (Income Tax Relief) Act, tax relief is granted to 'pioneer' industries for a period of two to five years, depending on the amount of capital expenditure undertaken, with £5,000 as the minimum qualifying expenditure. Losses incurred during the tax holiday can be carried forward through an extension of the relief period. Furthermore, shareholders are exempted during the period of tax relief from payment of tax on dividends received from industries enjoying pioneer status.

The Industrial Development (Import Duties Relief) Act allows the repayment to importers, of import duties paid on materials imported into Nigeria for industrial use. The conditions to be satisfied are two. Firstly, applicants must be able to demonstrate that the payment of duties will render their products uncompetitive with imported equivalents. Secondly, they must demonstrate that the import duty on imported finished equivalents is lower than the import duty imposed on the imported raw materials. The period of such relief is for a maximum of ten years.

The Customs Duties (Dumped and Subsidised Goods) Act permits the imposition of special duties on imported goods which are being dumped in Nigeria or being subsidised by any Government or Authority outside Nigeria. This is designed to protect the competitive position of established or potential industries in Nigeria.

Under the Customs (Draw Back Regulations), importers can, in certain situations, claim repayment of import duties. Repayment will be payable if goods are exported in the same state as that in which they were imported or if materials imported were for the manufacture of goods meant for export.

The Approved User's Scheme is a modification of the import duties relief programme. Under this scheme, manufacturers importing various inputs are charged concessionary rates of duty which are lower than the normal rates. In certain cases, no import duty is imposed.

As already demonstrated, Nigeria has, since independence, made an impressive progress in industrial development. But it is difficult to determine to what extent, if any, these and other incentives have been instrumental in bringing about these achievements. With most developing countries competing with one another for foreign capital by using similar incentive package deals, it is difficult to see how such generalised industrial incentives could have had a crucial impact on the level of foreign investment in Nigeria during the past decade. It would seem that what is important for purposes of influencing the amount of foreign investment in Nigeria today is not the battery of incentives, but the huge and fast-growing internal market and the country's vast and varied resource endowment in men and materials.

However, for purposes of influencing the structure and character of private investment, industrial incentive can be effective if administered in such a way that they discriminate in favour of industries and activities with high valued-added potentials. As the Nigerian market becomes more competitive, private investors are likely to become more responsive to measures that put their actual or potential competitors at an advantage. For example, if within the Textile Industry a firm that imports yarn for weaving is denied a tax holiday while a similar firm that undertakes both spinning and weaving (of the same or similar materials) is granted tax concessions, the former is likely to seek to maintain its competitive position by carrying its backward integration further to the spinning stage.

Hitherto, incentives were applied almost indiscriminately, with the result that many firms whose activities were not pioneering in any meaningful sense, had been declared 'Pioneer Industries.' Also, pioneer status had been granted to activities ranging from the manufacture of cement and metal goods to the bottling of soft drinks and packaging of beverages. At a time when the industrial base was very narrow, an 'across-the-board' application of incentives might be good policy. But the progress made thus far clearly calls for a shift of emphasis and the adoption of more selective measures.

Most industrial activities in the country are still not manufacturing in the true sense of the term, but mere assembly industries. Very often, all the components used are imported and are merely put together behind the tariff wall. Whether one is considering the manufacture of shoes or cosmetics, beer or soft drinks, the story is broadly the same. Beer brewing is one of the older industries in the country, but that industry normally imports all its hops and malt and, since the beginning of the national crisis in 1967, also its bottles. All that happens at most of the breweries is that all the imported inputs are mixed and sealed in imported bottles. This has continued for about two decades in spite of the demonstrable knowledge that good beer can be profitably brewed from the fermentation of local grains like maize, guinea corn, millet, rice, sorghum, etc.

During the Plan period, 'Pioneer Status' will gradually give way to a system of 'Priority Status' which will depend on the value-added potential of proposed industries. It is obvious that, by its very nature, Priority Status cannot be conferred indiscriminately on broad industry groups, but rather on those specific industrial activities within each group that are in consonance with the value-added maximisation principle. As example, 'Plastics' manufacture once enjoyed pioneer status. But in the years ahead, emphasis and priority will shift to the manufacture, not of plastic wares but of plastic granules, the main raw material for the manufacture of plastics. The rationale of this procedure is the fact that the local production of plastic granules will not only save foreign exchange but utilise the bye-products of the Petroleum Industry.

Another incentive which will be manipulated to give direction to investment activities in the private sector is the granting of initial and annual capital allowances. These allowances are currently administered under the following rates :

Investment Type	*Initial Allowance Percentage*	*Annual Allowance Percentage*
Industrial Buildings	10	10
Other Buildings	—	5
Plants (excluding Transport and Moving Equipment)	15	10
Transport and Moving Equipment	25	15
Mining	25	15
Plantations	15	10

Since the purpose of these allowances in the past was to attract as much capital as possible into the country, they were made applicable in all sectors. Thus 'industrial buildings' enjoyed an initial allowance of 10 per cent and an annual allowance of 10 per cent regardless of the kind of industry. The same is true of the other items for which capital allowances are made. But for the purposes of influencing the pattern of future investment in accordance with national priorities, capital allowances would further be granted so as to discriminate among industries; and within each individual industry, between different activities.

In sum, various incentive schemes will be operated to favour those industries that will consolidate the industrial achievements of the past decade through the provision of intermediate and capital goods. This will reduce the import content of domestic manufacture, improve the balance of payments and enhance the total impact of industrialisation on income and employment within the Nigerian economy.

2. Construction

Available statistics suggest that there was much fluctuation in capital formation in this sector during the last Plan period. During the war years absolute capital investment remained fairly stable, varying only marginally, around £3.7 million per annum from one year to another. During the current Plan period, the contribution of this sector to the gross domestic product is expected to increase from 8 per cent in 1970-71 to 10 per cent in 1973-74. On the basis of this expected performance, gross investment in this sector by Incorporated Businesses is expected to rise from £4.3 million in 1970-71 to £5.3 million in 1973-74. Over the period, total gross investment in the sector would be around £22 million.

3. Commerce

As noted in Chapter 28, estimated capital formation in this sector was about £8.4 million in 1964. Available data stretching back to 1957 are characterised by fluctuations in the gross addition to capital formation in the sector. During the inter-Plan years 1968-70, the rate of growth of the sector was sluggish at between 1 and 2 per cent. During the current Plan period, a more cheerful 4-5 per cent rate of growth is expected to be achieved by the sector in the process of reconstruction and development. On the basis of this projection, capital in Commerce by Incorporated Businesses is estimated to rise from about £4.0 million in 1970-71 to £6.0 million in 1973-74. All told, total capital formation of about £20 million is projected for the sector.

4. Transport

Although most of the Transport sector investment falls within the Public sector (comprising railways, ports, road construction, inland waterways, air transport and shipping) there is still an important private sector element, particularly in road transportation.

Over the Plan period therefore, total capital formation in road transportation is expected to be very substantial. Most of the contribution of the private sector to expected investment will, however, come from individual or small-scale unincorporated road transporters who belong to the Household sector discussed in Chapter 30. The few remaining incorporated transport companies are engaged in long-distance road haulage, particularly of export produce and imported goods. They will probably account for about one-third of total new investment in private transportation during the Plan period. This will give an estimated total of £5 million.

5. Mining

As already indicated, the Mining sector is one of the most promising sectors in the Nigerian economy over the next decade. At the beginning of the last Plan period, its contribution to the gross domestic product was only 2 per cent. By 1964-65, this had risen to 2.8 per cent. It grew rather sharply to 4.8 per cent in 1965-66 and 5.1 per cent just before the civil war.

On account of the disruption of war there was a big drop in Mining performance to 2.6 per cent in 1967-68. With hostilities confined to a small area of the country, normalcy gradually returned to most of the oilfields, and the contribution of Mining rose to 3.7 per cent of the gross domestic product in 1969-70. During the Plan period 1970-74, the proportionate contribution of Mining to the gross domestic product is expected to reach its pre-war level of about 5 per cent in 1970-71. Contributions of 6.8 per cent, 9.3 per cent and 12.6 per cent are projected for the last 3 years of the Plan.

The projection of capital formation in this sector is made particularly difficult by the unstable character of its production function. In other words, while considerable investment might be undertaken during the exploratory stage, once oil is struck and production begins, there can be significant additions to output with only marginal increases in the capital stock. The concept of a stable capital/output ratio as a basis for projecting investment is thus too static and hazardous to be meaningful.

Capital formation in the Mining sector over the past decade fluctuated a great deal both before and during the civil war. Considering the young age of the Petroleum Industry in Nigeria, performance, of a time-series nature, is also not a good guide for the future. With many oil wells now at the production stage, it may be said that capital formation will not be as high as it was during the prospecting and development stages of the last two decades. But with government and new companies taking interests in off-shore exploration as well as in new inland leases, considerable capital investment activity is likely to be undertaken for successful exploration and production. Existing and new companies will also need to construct extensive terminals. In view of all these, the rate of growth of capital formation in the sector is likely to range between 10 per cent and 15 per cent per annum over the Plan period. Gross capital formation in private-sector Mining has therefore been estimated to rise from about £55 million in 1970-71 to £80.7 million in 1973-74. Total capital formation expected in the sector over the Plan period is of the order of £267.5 million.

Mineral resources are expendable assets. In view of this, it is of crucial importance that the impact of mining on the Nigerian economy should be widened and placed on a firm and permanent basis. As indicated in Chapter 15 on Mining, the current estimated reserve of crude oil will be exhausted by 1985-90 at the present rate of exploitation, unless new deposits are discovered. The discovery of new oil wells, and hence of estimated reserves, will in fact, probably only keep pace with the higher rate of total exploitation, leaving the expendable life of the asset substantially unchanged.

In order to ensure that the impact of oil is made permanent on the economy, it is a major objective of public policy to maximise the contribution of the industry to Government revenue as well as to income and employment. For illustration, the greater contribution to revenue which can be legitimately expected from the industry is indicated in the fact that revenue which Government derives from various taxes on petroleum, is just about 42 U.S. cents per barrel of crude. Whereas, such oil producing countries like Libya, Algeria, Kuwait and Venezuela earn between 85 and 97 cents per barrel.

6. Indigenisation of Ownership and Control

One of the factors which tend to reduce the benefits of industrialisation to Nigeria is the employment of a large number of foreign nationals who receive considerable sums in form of salaries and allowances. In order to reduce this 'earnings leakage', Government will intensify its efforts to ensure, not only that high-level Nigerian personnel are employed by private industry, but also that they are given responsibilities commensurate with their training and experience. Hitherto, many firms have placed a good number of Nigerians in management positions. But it is widely known that many of these indigenous 'managers' are not given management functions to perform, and are in effect little more than glorified clerks put up for 'window dressing'. There are only a few firms which have been fairly progressive by effectively embarking on meaningful Nigerianisation in terms of numbers and functions. But even there, progress is slow. The main weakness of the Nigerianisation policy in the past was the absence of an Enforcement Agency, with the result that each employer decided how fast and how far it would go on the path of Nigerianisation. At best, all that was available was mere moral suasion. Beginning with the present Plan, the Government will establish an Agency whose sole responsibility will be to ensure that all employers (private and public) conform to the Nigeriansation policy to which the nation has been long committed. The Agency will work closely with the Expatriate Quota Committee, which is responsible for processing applications for allowing expatriates into the country. Furthermore, Government will establish a strict time-table for the Nigerianisation of various sectors of the economy, taking into consideration the peculiar manpower requirements of individual industries. Penalties for non-compliance would range from the withdrawal of some or all industrial incentives, to the revocation of import licences and expatriate quotas. In cases of extreme defiance, the authority granted for the establishment and operation of a business will be withdrawn.

One of the reasons for encouraging private investment (foreign and indigenous) is the expectation that investment activities will generate employment opportunities for Nigerian nationals. The Government cannot therefore continue to tolerate a situation in which high-level Nigerian personnel educated and trained at great cost to the nation, are denied employment in their own country by foreign business establishments. Those who oppose accelerated Nigerianisation give, as their reason, the need to maintain 'standards'. The Government, no less committed to a high standard of personnel performance, takes confidence in the high standard of performance by Nigerians in a variety of challenging fields over the past several decades. There is, in any case, no feasible alternative to accelerated Nigerianisation, because Nigerians have no place to go for employment but their country.

Another dimension of indigenisation is ownership and control. Experience has shown through history, that political independence without economic independence is but an empty shell. The validity of this statement derives from the fact that the interests of foreign private investors in the Nigerian economy cannot be expected to coincide at all times and in every respect with national aspirations. It will be naive, indeed dangerous, to hope that in the process of industrial development, a set of national objectives will automatically be achieved by their mere declaration. A truly independent nation cannot allow its objectives and priorities to be distorted or frustrated by the manipulations of powerful foreign investors.

It is vital, therefore, for Government to acquire and control on behalf of the Nigerian society, the greater proportion of the productive assets of the country. To this end, the Government will seek to acquire, by law if necessary, equity participation in a number of strategic industries that will be specified from time to time. In order to ensure that the economic destiny of Nigeria is determined by Nigerians themselves, the Government will seek to widen and intensify its positive participation in industrial development. This could be done, where necessary, by joint participation with private enterprises (foreign or indigenous); and, as occasion demands, through complete government control and exclusive public ownership of very strategic industries. The Government will not embark on indiscriminate nationalisation of existing or future private enterprises in the country. Where any nationalisation is deemed necessary as in the case of the recent take-over of certain ports, compensation arrangements will be made in accordance with internationally accepted norms of equity and fair play. However, the exploitation of strategic natural resources will be undertaken by the Government singly or in technical partnership with private concerns, provided that in all cases the Government remains the dominant partner.

The view has often been expressed that the interests acquired by Government in industry should be handed over to indigenous businessmen if and when they have the capital and business know-how for operating these particular industries. This view flows from the narrow conception of the role of Government in national development which is not tenable in Nigerian circumstances. The aim of Development Planning in Nigeria is that economic growth should be accompanied by general development. In other words, the benefits of economic advancement should be distributed as widely as possible over the entire society. Government, as the most important single institution for ensuring the translation of growth into development through the provision of economic and social services, must have at its disposal resources sufficient for achieving these goals of society. Today, industry and mining are the fastest growing sectors of the economy and are therefore likely to be important generators of resources for future development. It follows that Government must play a leading role in these two sectors in order to harness the fruits of economic growth for the overall development of the Nigerian society. Government investment activities will no longer be limited to public corporations and "dying industries" in which no private company can thrive, whilst leaving the virile, expansive and profitable industries to private enterprise. Private investors will, however, continue to be welcome in Nigeria as partners in progress led by the public sector.

7. Investment Projection

The expected investment performance of Incorporated Businesses over the Plan period, classified functionally is summarised below :

£'million

Sector	1970-71	1971-72	1972-73	1973-74	*Total*
Manufacturing	74.8	85.5	100.8	117.4	378.5
Construction	4.3	5.0	5.9	6.5	21.7
Commerce	4.0	4.6	5.5	6.0	20.1
Road Transport..	1.1	1.2	1.3	1.4	5.0
Mining	55.0	61.6	70.2	80.7	267.5
TOTAL	139.2	157.9	183.7	212.0	692.8

CHAPTER 30

HOUSEHOLDS

The distinguishing feature of the Household sector is not so much the types of economic activities undertaken therein, but the form of organisation. The sector is characterised by millions of individual farmer-proprietors, 'petty' or own-account traders, unit transport operators and self employed craftsmen and artisans. If the contributions of Agriculture, Crafts, Distribution (excluding Marketing Boards and Department Stores) and Road Transportation are taken as representing the output of the sector, it is found that in 1966-67, about 68 percent of the gross domestic product originated in Households. In the same period, Agriculture and Distribution provided gainful occupation for about 84 per cent of the labour force. Thus the Household sector is by far the most important single institutional sector in the Nigerian economy. But it is, unfortunately, also the sector which has been substantially left out in past, planning exercises.

1. Peasant Agriculture

Government provides direct and indirect assistance to Agriculture in the form of subsidised fertilisers, seedlings, pesticides, etc. Compared with the importance of Agriculture in the Nigerian economy, such assistance must be regarded as minimal.

Between 1962 and 1967, agricultural output (valued at current prices) grew at an average rate of about 2.8 per cent per annum. Over the same period, the absolute increase in the value of agricultural output was about £88 million. If an incremental capital/output ratio of 1.5 : 1 were assumed for agricultural production, it would mean that total agricultural investment must have been of the order of £132 million between 1962 and 1967. Public sector investment in agriculture over the period was about £45 million, which means that the peasant farmers must have on their own, invested something close to £90 million. But probably, the actual capital output ratio in Nigeria was higher.

This round-about way of estimating the contribution of peasant farmers to agricultural investment is unsatisfactory, since the procedure depends on aggregative sectoral capital/output ratio assumptions. Recourse was had to this measure because of the almost complete absence of estimates of investment by peasant farmers in agriculture. To facilitate future planning in this sector, periodic surveys of farmers' incomes and investment expenditure patterns are essential.

Meanwhile, still using a capital/output ratio of 1.5 : 1 and the projected rates of growth of agricultural output, total agricultural investment required will be about £30 million in 1970-71, rising to £50 million in 1973-74. Total implicit investment over the period would therefore be about £165 million. The public sector proposes to invest about £105 million in various branches of Agriculture. Peasant agriculture proper would probably invest about £60 million over the Plan period, in the form of land clearance, farm houses, storage facilities and farm equipment.

The objective of public policy in Agriculture is to encourage peasant farmers to aspire to higher levels of production performance through a variety of incentives. An important element in the battery of incentives is the producer price level of agricultural products, particularly those that are controlled by the Marketing Boards. Various studies have shown that despite the factor of irreversibility of investment decisions (particularly when tree crops are involved), agricultural output is indeed sensitive to price changes. This has implications for Marketing Boards pricing policy, consistent with the new set of policies in agricultural and fiscal matters.

One of the limiting factors to agricultural production is the limited size of farms due, in the main, to the low level of agricultural technology. In sheer physical terms, peasant farmers work longer hours than most other occupational groups. According to the Labour Force

Sample Survey of 1966, the self-employed agricultural worker (farmer) on the average, worked 56.4 hours a week. By any standard, this is a clear indication of sustained effort. What is required therefore is not harder work but meaningful modification and upgrading of existing farming tools and equipment. Marginal technological improvements can achieve significant increases in both the size of farms and the output per unit of labour.

At the present stage of development, it will be unrealistic and indeed unnecessary to advocate a radical change in the level of agricultural technology in the form of tractors, combined harvesters, etc. There are ecological as well as social and economic arguments against a too rapid introduction of this sophisticated degree of mechanisation. What is essential is an improvement of the tools and implements ordinarily employed by the farmers. A possible example is the design or adaptation of gasoline-powered devices capable of tilling the soil and undertaking weeding. It is economically important that the purchase price of such devices should also be within the means of most farmers. Not only could such relatively simple devices reduce the tedium of agricultural operations, but by so doing they will radically increase the average size of farms, farm incomes and the productivity per man-acre and per man-day. Such technical developments, which should entail forward not backward-oriented "Intermediate Technology" as well as other material and financial incentives proposed for the peasant farmers during the Plan period, underlie the policy discussions in much of Chapters 13 and 14.

2. Distribution

In 1966-67, Commerce (distribution) accounted for about 13 per cent of total wage and non-wage employment. Its contribution to the gross domestic product at the same time was about 13.5 per cent, out of which the Marketing Boards accounted for about 5 per cent. Thus, the balance of 8.5 per cent originated from the Department Stores and unincorporated trading business establishments. The element of Distribution which falls under the Households is 'petty-trading' which does not involve much fixed capital investments. The share of incorporated businesses in the total value-added by Distribution is still considerable, even though for several years, it has been Government policy or expressed intention that distribution should be left entirely to Nigerian nationals. The rationale of this policy is not just the need to provide employment, but the consideration that trading in the form in which it is carried on in Nigeria, requires limited capital, and expertise, both of which many Nigerians possess in good measure. The continued participation of alien business organisations in retail trading is therefore not only inimical to the employment objective of the nation but is also largely irrelevant in view of the proved capability of Nigerians in this field. During the Plan period, therefore, Government will take effective measures to reserve the Distributive trades for Nigerians. Domestic manufacturers (both foreign and indigenous) will also be prevented from appointing non-national 'Distributors' or Agents' within the country.

A significant element in the cost of distribution is transportation cost which depends, at least in part, on the quality and efficiency of the various modes of transportation in the country. In order to facilitate easier mobility of factors, commodities and people for economic and social advancement, Government is embarking in the Plan on a bold transport programme that will improve significantly the existing transportation network in the country. Such improvement will, hopefully, reduce operating costs of vehicles and consequently transportation charges. A further measure for reducing the transportation element in distribution costs is the control and regulation by Government of the prices of fuel, particularly motor spirit and gasoline. Taken together with the proposed establishment of a second Petroleum Refinery in the country, this should ultimately lead to lower transportation and distribution costs.

The financing of commercial credit has been the traditional function of the commercial banks for a long time. The quick turnover as well as the large profit margin in commercial transactions are two of the most important factors that continue to attract Commercial Bank credit in this sector. But despite this attraction, many Nigerian businessmen find it difficult to secure credit to finance their domestic trading activities or guarantees for external trading transactions. In order to eliminate, or at least significantly, reduce this disability, the Government will establish a Credit Guarantee Corporation to enable indigenous businessmen raise short-term credits which they cannot now obtain from the Commercial banks. Moreover, the Corporation will offer guarantees for external transactions and insure businessmen against risks in export activity.

Commercial credit and guarantee are not the only problems of the indigenous trader. Neither can his difficulties be explained only in terms of unequal competition with foreign business organisations in the area of wholesale and retail trading. One of the basic problems that confront the indigenous trader is lack of commercial education. Specifically, most Nigerian 'petty traders' are unable to, and therefore do not, keep records of their purchasing and selling transactions. For this reason, no distinction is made between operating capital, imputed income of the trader and his family, interest due on capital employed and operating surplus. For this reason also, gross earnings are often equated with disposable income, with the result that after a short period the trader discovers that his inventory of goods is dwindling while he is unable to identify the 'villain of the piece'. As a way of mitigating the adverse effect of this problem, the Government will establish a National Trading Organisation which will undertake, *inter alia*, the training of salesmen and traders in the rudiments of modern trading practices including book-keeping, salesmanship, etc.

3. Road Transportation

The estimated contribution of road transportation to gross domestic product in 1967-68 was about £42 million. Although this represents only a contribution of 2.5 per cent, it is significant because it is four times as high as the contribution of rail transportation with its heavier capital investment. A second significance of road transportation lies in the fact that its share in the haulage of externally-traded goods has been increasing steadily both in absolute and in percentage terms for the past two decades.

In 1957-58 at Lagos and Apapa wharves, the railways carried 68 per cent of the country's export while road transportation was responsible for the balance of 32 per cent. By the beginning of the last plan period in 1962-63, the balance had been reversed. Rail accounted for 48 per cent of exports routed through Lagos and Apapa ports while road has a share of 52 per cent, and the position remained about the same up to the end of the plan in 1967-68. With regards to the haulage of imports, road transportation has done even better. Again in 1957-58, the railways carried 64 per cent of all imports that came through the ports of Lagos and Apapa while 36 per cent went by road. By 1966-67, the share of the railways had declined to a low level of 26 per cent while road had increased its share significantly to 74 per cent.

The foregoing clearly underscores the growing importance of road transportation in the Nigerian economy, measured in terms of commodity transportation. Although, no comparative statistics are available on passengers travelling by road and rail, casual observation indicates that the relative share of road transportation in passenger carriage must be even higher than what it is in commodity transportation. It is estimated that for the private sector, Road Transporters would invest about £15 million in vehicles and supporting services during the four years 1970-74. The Households sub-sector is expected to undertake two-thirds of the capital expenditure on road vehicles by private operators.

As an objective of policy, Government will, during the Plan period, take appropriate measures to reserve road transportation operation (of both commodities and passengers) to Nigerians.

Considering the heavy capital requirements of modern road transportation particularly for the purchase of vehicles and the establishment of maintenance depots, Government will encourage and support in every possible way the formation of indigenous transport syndicates, co-operatives and associations. It would also be arranged for the Credit Guarantee Corporation to participate in guaranteeing the hire purchase transactions of such syndicates with motor vehicle dealers.

4. Dwellings

During the first three years of the last Plan period, that is 1962-65, the construction of residential buildings undertaken by households oscillated around £8.7 million a year. This figure rose rather steeply to £10.3 in 1965-66. As a result of the national crisis, the level of dwelling construction by households dropped to about £9.2 million in 1967 but picked up again in 1968-69.

One of the significant consequences of the civil war is the destruction of physical assets, notably residential dwellings. A number of large and medium-size towns, particularly in the four States most affected by the war, suffered physical damages. The need to make good such damages and facilitate resettlement and rehabilitation will exert a strong upward pressure on building activities during the present Plan period. In addition, most of the dwellings in the urban centres elsewhere in the country were already sub-standard and suffered further from poor or deferred maintenance during the war. The rising cost of building and the increasing difficulty of obtaining building materials also meant that many building decisions or operations were postponed or suspended during the war. Apart from this pent-up demand, there is the additional need to build more houses to take care of the growth in population, which, in the urban areas, is compounded by the rural-urban migration. All these factors are bound to give rise to a building boom in the Households sector during the Plan period. Starting from a base of £10.5 million in 1970-71, dwelling construction is expected to rise steadily to £12.0 million in 1973-74. Over the Plan period, a total of £45 million would have been disbursed by Households in building new houses and upgrading old ones.

One of the factors that give rise to workers' agitation for wage increases is the rising cost of accommodation, that is to say, rent. This phenomenon is due at least in part to the rising cost of dwelling construction. As a means both of assisting the Households in their building activities, as well as of exerting a downward pressure on the general cost of living, it is an objective of public policy to break existing and new bottlenecks in the production of vital building materials like cement and iron rods. To this end, the Government will take all necessary measures to get the existing cement industries in the country to produce at their fullest possible capacity, while waiting for new investments in the industry to mature. Meanwhile, Government will also arrange to bridge the gaps between domestic production and domestic demand through easier importation facilities for essential building materials. During the Plan period, substantial expansion in investment in the building materials industry is expected to be carried out by both public authorities and private sectors.

5. Non-Profit Making Organisations

During the first three years of the last plan period, Voluntary Agencies contributed about £4.5 million to the economy's capital formation. In 1962 the level of contribution was £1.2 million, in 1963 £1.3 million and in 1964 about £2 million. These figures suggest that the Voluntary Agencies were steadily increasing their addition to capital stock. In recent years, however, some of their operations have been taken over by public authorities. But the combined activity of Voluntary Agencies is still strong in capital formation, especially in the social sector.

It is estimated that in spite of the civil war and its aftermath, which have reduced their sphere of influence in some parts of the country, the Voluntary Agencies and other non-profit making organisations will invest no less than £1.5 million in 1970-71. This is expected to rise rapidly during the Plan period to about £2.8 million in 1973-74. Most of the expenditure will be in the form of additions to churches, mosques, school buildings and health facilities.

6. Households Capital Expenditure Projection

The total projected investment expenditure by Households over the Plan period is summarised below :

£'million

Sectors	1970-71	1971-72	1972-73	1973-74	*Total*
Peasant Agriculture	12.000	14.000	16.000	18.000	60.000
Road Transportation	2.000	2.400	2.600	3.000	10.000
Dwellings	10.500	11.000	11.500	12.000	45.000
Voluntary Agencies	1.500	1.700	2.000	2.800	8.000
TOTAL	26.000	29.100	32.100	35.800	123.000

CHAPTER 31

FINANCING THE PUBLIC SECTOR PROGRAMMES

Financing the National Reconstruction and Development Plan, 1970-74, will involve sacrifice on the part of everybody. The main responsibility for financing the substantial investment programme envisaged in the Plan lies with tapping all available sources of domestic savings. The burden of development involves the total mobilisation of the nation's resources, similar to the experience of the recent war-time measures. However, given the war-time pent-up demand by both households and public institutions, the sacrifices cannot be expected to be as severe.

True national progress can only be achieved through the realisation that the burden of development must fall squarely on the shoulders of the Government and the people who desire the expansion of the country's social and economic life. The financing assumption of the Plan is that the bulk of the expenditure on current and capital accounts will come from domestic sources. External capital inflow will thus only supplement the internal generation of public and private savings and other sources of internally raised resources, both in human and financial terms.

The main plank in the financing strategy of the Plan is to preserve stability in the general price level within the economy as well as maintain equilibrium in the external balance of payments. The finances of the Federation will be so managed that the economy will be able to pay its way internally and externally through the Plan period and thereafter.

1. Sources and Pattern of Finance

The planned Capital Expenditure Programme of the Governments in the Federation, as well as their Statutory Corporations and Agencies, for the four-year Plan period is estimated as follows :

	£ million
Nominal Public Investment Programme	1,025.369
Less Transfers	37.150
Gross Public Investment Programme	988.219
Less Probable Spill-Over	208.219
Net Public Investment Programme	780.000

This total public sector capital investment expenditure will be financed as follows :

	£ million	*Percentage*
Budget Surplus of Federal and State Governments	450.2	57.7
Operating Surplus of Public Corporations and Marketing Boards (including Capital Reserves)	106.5	13.6
Central Bank and other Domestic Borrowing	72.3	9.3
External Finance	151.0	19.4
Total	780.0	100.0

2. Budget Surplus

Government fully appreciates that the generation of surplus on its current account is one of the major non-inflationary sources of financing the public sector programme. An important objective of public policy will, therefore, seek to maximise the operating surplus on current account by curtailing administrative expenses and non-essential recurrent expenditure as well as by improving internal revenue collection and tapping additional sources of revenue.

The projected budget surplus, Government by Government, is shown for each of the four years in Table 1. This is expected to rise for all Governments from the modest level of £32.7 million in the lean immediate post-war year of 1970-71 to £211.0 million in the last year of the Plan. The estimated total surplus for all State Governments is £273.9 million compared with £176.3 million for the Federal Government.

The projected surpluses on States' accounts vary considerably among the State Governments. In a few cases, it will even be possible for some State Governments to finance their planned capital expenditure programme from their estimated budget surplus and still accumulate a surplus on capital account. Such surplus funds will be invested, until required by the State Governments concerned, in Development Loan Stocks for the financing of other public sector programmes.

3. Operating Surplus of Public Corporations and Marketing Boards

The various Statutory Corporations are expected to finance part of their approved capital development programmes from internally generated resources, as in Table 2. The estimated total of a minimum of £39.5 million for the Federal Corporations from this source will be generated through depreciation funds, net operating surplus and other capital reserves as follows :

£'million

Corporation	1970-71	1971-72	1972-73	1973-74	*Total*
Nigerian Ports Authority	2.0	2.0	3.0	3.0	10.0
Electricity Corporation of Nigeria	2.5	2.5	2.0	3.0	10.0
Niger Dam Authority	2.5	3.5	4.5	5.5	16.0
Nigerian Railway Corporation	0.1	0.2	1.0	1.7	3.0
Nigeria Airways	0.3	0.4	0.6	0.7	2.0
Nigerian National Shipping Lines	– 0.6	– 0.3	– 0.4	– 0.2	– 1.5
TOTAL	6.8	8.3	10.7	13.7	39.5

Of the £67 million expected by the States Governments in the form of Marketing Boards contribution and other capital receipts, the State Marketing Boards and Corporations are expected to contribute a minimum of £64 million to the financing of States Development Programmes. Marketing Boards, contribution to development expenditure will be made in the context of a flexible producer pricing policy, whereby the level of farmers' disposable incomes will be enhanced in order to stimulate expansion of farm production and create better markets for non-agricultural goods. Any tendency to "squeeze" the Marketing Boards at the expense of long-run production incentive will be avoided during the Plan period.

4. Central Bank and other Domestic Borrowing

The Government will rely on Central Bank financing as a source of last resort. It has been generally treated as a residual item intended for re-activating the economy and accelerating the tempo of development activity, while preserving, as far as possible, monetary stability. The estimated Central Bank support and other domestic borrowing for the public sector capital investment is therefore programmed at £72.3 million, on the critical assumption that external capital aid flow will be forthcoming in sufficient magnitude and at the right time to fill the projected foreign exchange gap of £151 million during the Plan period. Apart from Central Bank credit financing, the other major source of domestic borrowing for the public sector programme is the National Provident Fund. It is estimated that £21.4 million will accrue from this source during the Plan period. This projected Excess of Wages Accruals over Disbursements forms part of the £72.3 million domestic borrowing required. It will supplement the Central Bank support. If, however, the rate of actual foreign aid disbursements turns out not to be as optimistic as envisaged in the Plan (especially in its early years), the net Central Bank credit required will be higher than the difference between the two amounts.

5. Internal Public Debt

The internal public debt of the Federation as at 1st April, 1970 consisted of:

	£'million
Treasury Bills	208.0
Ways and Means Advances	6.1
Funded Loan	150.4
Unfunded Loan	7.5
Treasury Certificate	106.0
Compulsory Savings Scheme	5.1
TOTAL	483.1

The Stock was increased substantially during the war years. Its composition was also altered. The burden of the consequential debt servicing charges on current revenue will, therefore, be reduced to take account of the war-time financial transactions. The proposed reduction through the issue of War Bonds will thus enhance the budget surplus to be made available for financing the reconstruction and development programmes.

6. External Finance

(*a*) *Programme Support and Sectoral Loans.*—The post-war situation in Nigeria warrants an emergency financing arrangement for the massive investment required for the rehabilitation and reconstruction of the war-damaged economy, in addition to the normal development needs which could not be satisfied in the war years. It is hoped that external capital aid for the Plan will take the form of Programme Support and Sectoral Loans, in place of the traditional project-tied loans and *ad hoc* credit arrangements which cannot really meet the urgent demands of the post-war situation.

The foreign exchange gap projected in Chapter 6 on National Accounting is £151 million, which is less than 20 per cent of the net public sector programme of £780 million. Experience shows that for a disbursement of this magnitude to be met within the Plan period, a total aid commitment programme of about £250 million would be required. Part of this commitment will have to be used to finance local currency costs, especially the indirect or secondary foreign exchange costs of capital projects. The argument for Programme Support and Sectoral Loans commitment within the agreed public sector programme, with or without private sector capital import, is self-evident. It is the only effective and meaningful way in which external assistance and effective foreign exchange disbursement can be organised for the post-war reconstruction effort.

(*b*) *Technical Assistance Programmes*—Technical Assistance, when properly and effectively co-ordinated, has become one of the important channels for transferring technology from the industralised to the under-developed countries. It also enhances the absorptive and executive capacities of the recipient countries when such assistance is directed to vital points in the growth process.

During the Plan period, the Federal Government will streamline the procedures and co-ordinate more effectively the various technical assistance programmes in the country. Technical assistance support will be concentrated on the high priority projects in the Plan, through the supply of experts, equipment, consultancy services and feasibility study teams. It will be necessary for all technical assistance requirements to be programmed over the Plan period such that both donor and recipient organisations can plan the execution of agreed projects at any given time, on the basis of a minimum of two years technical assistance budget.

The quantum of technical assistance expected over the Plan period cannot be determined in advance ; but technical aid is expected to be a major external input for the implementation of the Plan, especially in areas where the technical know-how is not available locally.

(*c*) *External Public Debt*—The external indebtedness of the public sector as at 31st March, 1970, stood at nearly £270 million, consisting of loans, contractor finance and suppliers credit. This stock excludes the short-term commercial credits (otherwise known as the foreign exchange "backlog" accumulated from the war years) and the foreign indebtedness of the private sector.

The pattern of the external public debt is such that the annual debt service charges will be highest in the early periods of the Plan as shown in Table 3. During the present Plan period, the Federal and State Governments and their Agencies will repay a total of £68.5 million in respect of interest and principal due on past foreign loans. This means in effect that the net capital inflow or "external aid" for the public sector will be only £82.5 million for the Plan period, if the £151 million disbursement target is achieved.

The Amortization Schedule in Table 3 does not include debt servicing charges on new foreign loans and credit facilities for the new Plan because of two underlying considerations. Firstly, it is assumed that the new external loans will be mainly on "soft" and "conventional" terms. Secondly, it is believed that the Federal and States Governments as well as their agencies will continue to eschew contractor finance and supplier credits as a means of financing capital projects. Relatively short-term contractor finance and suppliers credits will add to the country's immediate foreign indebtedness even during the Plan period. There is no doubt, however, that the country's long-term external debt servicing capacity remains very high.

TABLE 1

PROJECTED GOVERNMENT BALANCES ON CURRENT ACCOUNT, 1970-74

£million

Government	1970–71			1971–72			1972–73			1973–74			Total		
	Revenue	*Expenditure*	*Budgetary Surplus or Deficit*	*Revenue*	*Expenditure*	*Budgetary Surplus or Deficit*	*Revenue*	*Expenditure*	*Budgetary Surplus or Deficit*	*Revenue*	*Expenditure*	*Budgetary Surplus or Deficit*	*Total Revenue*	*Total Expenditure*	*Total Surplus or Deficit*
1. BENUE-PLATEAU ..	8.2	6.4	+1.8	10.2	7.1	+3.1	12.2	7.3	+4.9	14.6	7.9	+6.7	45.2	28.7	+16.5
2. EAST-CENTRAL ..	11.8	13.8	—2.0	16.4	15.4	+1.0	19.2	16.5	+2.7	22.7	17.9	+4.8	70.1	63.6	+6.5
3. KANO	12.9	6.3	+6.6	15.0	6.9	+8.1	17.2	7.2	+10.0	19.9	7.9	+12.0	65.0	28.3	+36.7
4. KWARA	5.8	6.5	—0.7	7.0	7.2	−0.2	8.3	7.6	+0.7	9.9	8.2	+1.7	31.0	29.5	+1.5
5. LAGOS	15.7	11.0	+4.7	17.8	12.0	+5.8	20.1	13.5	+6.6	22.9	14.0	+8.9	76.5	50.5	+26.0
6. MID-WESTERN ..	18.1	14.6	+3.5	23.7	17.5	+6.2	28.4	18.4	+10.0	34.2	19.8	+14.4	104.4	70.3	+34.1
7. NORTH-CENTRAL ..	9.4	7.3	+2.1	11.2	8.0	+3.2	13.1	8.5	+4.6	15.5	9.2	+6.3	49.2	33.0	+16.2
8. NORTH-EASTERN ..	11.2	9.0	+2.2	13.5	10.0	+3.5	15.9	10.6	+5.3	18.8	11.5	+7.3	59.4	41.1	+18.3
9. NORTH-WESTERN ..	9.0	6.5	+2.5	10.8	7.2	+3.6	12.7	7.6	+5.1	15.2	8.2	+7.0	47.7	29.5	+18.2
10. RIVERS	11.0	5.6	+5.4	15.0	6.2	+8.8	18.4	6.5	+11.9	22.6	6.9	+15.7	67.0	25.2	+41.8
11. SOUTH-EASTERN ..	11.0	8.6	+2.4	13.2	9.6	+3.6	15.5	10.2	+5.3	18.2	11.0	+7.2	57.9	39.4	+18.5
12. WESTERN	30.2	23.6	+6.6	34.3	26.3	+8.0	38.8	27.9	+10.9	44.1	30.0	+14.1	147.4	107.8	+39.6
13. TOTAL STATES ..	154.3	119.2	+35.1	188.1	133.4	+54.7	219.8	141.8	+78.0	258.6	152.5	+106.1	820.8	546.9	+273.9
14. FEDERAL GOVERNMENT	164.3	166.7	—2.4	209.1	188.1	+21.0	254.0	201.2	+52.8	311.6	206.7	+104.9	939.0	762.7	+176.3
15. TOTAL ALL GOVERNMENTS	318.6	285.9	+32.7	397.2	321.5	+75.7	473.8	343.0	+130.8	570.2	359.2	+211.0	1,759.8	1,309.6	+450.2

TABLE 2

PROJECTED SOURCES OF INVESTMENT FINANCE BY PUBLIC INSTITUTIONS, 1970-74

£'million

Government	1970-71			1971-72			1972-73			1973-74			*Total*			*Balance on Capital Account*	
	Surplus on Current Account	*Resources of Marketing Boards, Statutory Corporations and Other Capital Receipts*	*Total*	*Surplus on Current Account*	*Resources of Marketing Boards, Statutory Corporations and Other Capital Receipts*	*Total*	*Surplus on Current Account*	*Resources of Marketing Boards, Statutory Corporations and Other Capital Receipts*	*Total*	*Surplus on Current Account*	*Resources of Marketing Boards, Statutory Corporations and Other Capital Receipts*	*Total*	*Surplus on Current Account*	*Resources of Marketing Boards, Statutory Corporations and Other Capital Receipts*	*Total*	*Investment Expenditure*	*Resource Gap*
1. BENUE-PLATEAU	+1.8	0.2	+2.0	+ 3.1	0.4	+3.5	+4.9	0.5	+5.4	+6.7	0.5	+7.2	+16.5	1.6	+18.1	15.9	+2.2
2. EAST-CENTRAL	−2.0	—	−2.0	+ 1.0	—	+1.0	+2.7	0.4	+3.1	+4.8	0.4	+5.2	+6.5	0.8	+7.3	43.1	−35.8
3. KANO . .	+6.6	1.0	+7.6	+ 8.1	1.5	+9.6	+10.0	1.5	+11.5	+12.0	2.0	+14.0	+36.7	6.0	+42.7	40.3	+2.4
4. KWARA . .	−0.7	0.1	−0.6	− 0.2	0.2	—	+0.7	0.2	+0.9	+1.7	0.3	+2.0	+1.5	0.8	+2.3	17.2	−14.9
5. LAGOS . .	+4.7	3.0	+7.7	+ 5.8	—	+5.8	+6.6	—	+6.6	+8.9	—	+8.9	+26.0	3.0	+29.0	19.6	+9.4
6. MID-WESTERN	+3.5	0.8	+4.3	+ 6.2	0.8	+7.0	+10.0	0.8	+10.8	+14.4	0.8	+15.2	+34.1	3.2	+37.3	26.8	+10.5
7. NORTH-CENTRAL	+2.1	0.4	+2.5	+ 3.2	0.6	+3.8	+4.6	1.0	+5.6	+6.3	1.2	+7.5	+16.2	3.2	+19.4	29.1	−9.7
8. NORTH-EASTERN	+2.2	0.4	+2.6	+ 3.5	0.6	+4.1	+5.3	1.0	+6.3	+7.3	1.2	+8.5	+18.3	3.2	+21.5	24.8	−3.3
9. NORTH-WESTERN	+2.5	0.4	+2.9	+ 3.6	0.6	+4.2	+5.1	1.0	+6.1	+7.0	1.2	+8.2	+18.2	3.2	+21.4	24.4	−3.0
10. RIVERS . .	+5.4	0.3	+5.7	+ 8.8	0.5	+9.3	+11.9	1.0	+12.9	15.7	1.2	+16.9	+41.8	3.0	+44.8	24.4	+20.4
11. SOUTH-EASTERN	+2.4	2.2	+4.6	+ 3.6	2.9	+6.5	+5.3	3.0	+8.3	+7.2	2.9	+10.1	+18.5	11.0	+29.5	21.2	+8.3
12. WESTERN . .	+6.6	6.0	+12.6	+ 8.0	6.0	+14.0	+10.9	8.0	+18.9	+14.1	8.0	+22.1	+39.6	28.0	+67.6	72.2	−4.6
13. TOTAL STATES . .	+35.1	14.8	+49.9	+54.7	14.1	+68.8	+78.0	18.4	+96.4	+106.1	19.2	+125.8	+273.9	67.0	+340.9	359.0	−18.1
14. FEDERAL GOVERNMENT	−2.4	6.8	+4.4	+21.0	8.3	+29.3	+52.8	10.7	+63.5	+104.9	13.7	+118.6	+176.3	39.5	+215.8	421.0	−205.2
15. ALL GOVERNMENTS	+32.7	21.6	+54.3	+75.7	22.4	+98.1	+130.8	29.1	+159.9	+211.0	32.9	+244.4	+450.2	106.5	+556.7	780.0	−223.3

TABLE 3

Public Sector External Debt Amortization Schedule, 1969-79

£'million

Recipient	*Stock*	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Governments ..	133.2	8.2	8.1	6.5	5.9	4.8	4.8	5.0	4.8	4.9	4.8
Statutory Corporations and State-owned Companies	134.7	12.3	11.9	11.3	10.7	9.3	7.7	7.5	6.8	6.6	6.6
Total	267.9	20.5	20.0	17.8	16.6	14.1	12.5	12.5	11.6	11.5	11.4

CHAPTER 32

FINANCING THE PRIVATE SECTOR PROGRAMMES

The private sector is to be financed, like the public sector, from both internally generated savings and foreign capital inflow. However, the sector poses a serious policy problem of matching the institutional sources of financing with the desirable investments. Certain types of industrial savings (for example, ploughed-back profits) are specific to the activity sectors and the firms in which they are generated. There are also a number of institutional barriers in the field of Commerce and Finance which may hinder the transfer of savings to socially desirable private investments. Thus, while the aggregate financial resources available to the sector may be adequate for the investment programme of the sector, the distribution of the finance by industrial types may distort and indeed frustrate the indicative investment programme for the sector. It is therefore necessary to devise appropriate policy measures to correct this structural "distortion", especially through fiscal changes, monetary management, banking and finance.

1. Gross Domestic Savings

The functional composition of the Gross Domestic Savings, year by year, is indicated in Table 1. It will be seen that over half of the Gross Domestic Savings will be generated directly by the public sector—43.8 per cent for the Governments and 10.3 per cent for the Statutory Corporations. Another 2.1 per cent as Excess of Wage Accruals over disbursements will be generated indirectly by the public sector through the operation of the National Provident Fund. Therefore, only 43.8 per cent (consisting of 9.3 per cent Personal Savings and 34.5 per cent Corporate Capital Reserves) is attributable directly to private-sector savings.

What is even of more striking interest is the changing composition of the Gross Domestic Savings over the period as evidenced in Table 2. In 1970-71, it is estimated that 57.3 per cent of total savings will come from Personal Savings (14.4 per cent) and Corporate Capital Reserves (42.9 per cent). The combined share of these two sources, however, declines from this level to 36.6 per cent in the last year of the Plan. Thus, an increasing proportion of the country's saving effort will come from the public sector. Within the public sector itself, it is the Governments surplus on current account which is the crucial element.

2. Financing Private Oil Investment

The oil industry is an almost self-contained unit in terms of financing. The entire invest-
nent expenditure is charged against the hypothetical receivable export earnings from the
il trade. Therefore, the whole capital financing represents an inflow of external capital to the
ector.

The position is spelt out in Table 3, which summarises the Mining investment projection
n row 1 while the second row measures the import of capital goods by the oil sector. This
epresents the difference between row 9 (total visible import) and row 2 (visible import by
on-oil trade) in Table 13 (Projected External Transactions) of Chapter 6 on National
ccounts. The local expenses of an investment nature shown in row 3 of Table 3, are part of
e total local expenditure by the oil companies apart from statutory payments to the
overnment by way of premia, royalty, rent and profit tax. In general, the capital component
this residual local cost varies from about 40 per cent to about 44 per cent over the Plan
eriod. The sum of rows 2 and 3 gives row 4 as the total financing of £267.5 million required
ring the Plan period.

3. Financing Non-Oil Incorporated Businesses

While virtually all of the oil capital investment is financed from capital inflow of one form or another, a substantial part of the investment in the non-oil sectors will come from corporate capital reserves. These reserves consist mainly of unremitted and ploughed back profits (including capital depreciation charges) of incorporated businesses. In terms of time distribution, the capital reserves consist more of unremitted profits in the earlier part of the Plan and more of depreciation charges in the later part.

On the basis of Table 4, there is a financing gap of £6.6 million in the first year of the Plan and an apparent surplus of £37.5 million in the last year, giving an overall apparent surplus of £74.5 million over the Plan period. The balance is apparent because, strictly speaking, the capital reserves are in respect of both oil and non-oil incorporated businesses. It is likely that some of the local capital expenditure in row 3 of Table 3 in respect of oil-sector capital financing is in fact from accumulated unremitted profits of the oil companies. The inferred value of this element is £47.3 million over the Plan period. If this is the case, then only £220.2 million represents new external capital inflow in the oil sector, the balance of £47.3 million being met from accumulated unremitted profits to finance part of the local capital expenditure in the development of the oil industry.

The resource gap of £6.6 million in the first year of the Plan in respect of non-oil capital investment financing is expected to be financed from the banking system.

4. Households

It is estimated that a major proportion (about 77.9 per cent) of the total capital expenditure by households will come from personal savings through the banking system. The figure of £95.8 million in Table 5 represents the probable magnitude of time deposits which the commercial banks and post office savings bank are likely to make available for financing small-scale and unincorporated businesses of various kinds. Investments in this sector are often not as long-term and large as those normally undertaken by the incorporated businesses. This, combined with recent commercial and banking legislations, should stimulate the financial institutions to undertake the necessary lending operations, especially when viewed in the context of various policy measures being undertaken in the Plan.

5. Reconciliation Account

It will be observed from Table 4 that there is an apparent surplus of £74.5 million in the financing of the non-oil private sector investment. This sum is made of the gap of £27.2 million in row 3 of Table 5 on the financing of Households investment expenditure and a double-counting of £47.3 million in row 8 of Table 6 with respect to the oil industry's unremitted profits element in the Corporate Capital Reserves. Once the double-counting is netted out, as in Table 6, the financing picture becomes clear. The need for reconciliation arises from the peculiar and complex way in which the transactions of oil companies are recorded in the country's financial statistics.

It is to be noted that row 3 of Table 5 on Advances from other Sectors with respect to the financing of Households investment expenditure refers only to capital adjustments within the private sector itself, and specifically to transfers from the Incorporated Businesses sub-sector. Some of the financing could, for example, come in the form of mortgage advances from Building Societies in respect of dwellings or in the form of hire-purchase credit from Motor Firms in respect of small-scale road transportation.

The implicit assumption that investment in peasant agriculture will be financed through the banking system as represented by recorded Personal Savings (changes in time deposits) probably call for some qualification. In Nigerian conditions, most of the capital formation by peasant farmers is probably self-financing and in kind (as for example, the labour cost of farm land clearance). But not only is agricultural credit likely to become increasingly important in the rural economy during the Plan period, the rural communities will themselves be making increasing use of modern banking facilities for their saving transactions as the facilities spread to the rural areas.

This last consideration, however, underscores one feature of the private sector programme. If anything, both the magnitude of the Gross Domestic Savings (especially Personal Savings and Corporate Capital Reserves) and the private sector investment programme are understated. In the final analysis, the sector may turn out to perform better than is envisaged by the Indicative Plan.

TABLE 1

PROJECTED GROSS DOMESTIC SAVINGS (VALUED AT CURRENT PRICES)

1970-74

£'million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Personal Saving	19.3	23.1	25.4	28.0	95.8
2. Excess of Wage Accruals over Disbursements	4.5	5.1	5.6	6.2	21.4
3. Corporate Capital Reserves	57.6	80.8	102.6	113.8	354.8
4. Government Surplus on Income and Product Account	34.1	78.4	133.3	204.4	450.2
5. Internal Resources of Statutory Corporations	18.8	22.8	30.3	34.6	106.5
TOTAL	134.3	210.2	297.2	387.0	1,028.7

TABLE 2

PROJECTED GROSS DOMESTIC SAVINGS (VALUED AT CURRENT PRICES)

1970-74

Percentages

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Personal Saving	14.4	11.0	8.5	7.2	9.3
2. Excess of Wage Accruals over Disbursements	3.3	2.4	1.9	1.6	2.1
3. Corporate Capital Reserves	42.9	38.4	34.5	29.4	34.5
4. Government Surplus on Income and Product Account	25.4	37.3	44.9	52.8	43.8
5. Internal Resources of Statutory Corporations	14.0	10.9	10.2	9.0	10.3
TOTAL	100.0	100.0	100.0	100.0	100.0

TABLE 3

FINANCING PRIVATE SECTOR OIL INVESTMENT, 1970-74

£'million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Private Investment in Mining	55.0	61.6	70.2	80.7	267.5
2. Capital Goods Import by Oil Industry..	30.0	34.5	41.4	51.8	157.7
3. Local Capital Expenditure	25.0	27.1	28.8	28.9	109.8
4. Total Financing Required	55.0	61.6	70.2	80.7	267.5
5. External Capital Inflow—Oil Sector ..	55.0	61.6	70.2	80.7	267.5

TABLE 4

FINANCING NON-OIL PRIVATE SECTOR INVESTMENT OF INCORPORATED BUSINESSES 1970-74

£million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Capital Investment Programme	84.2	96.3	113.5	131.3	425.3
2. External Capital Inflow : Non-Oil	20.0	30.0	40.0	55.0	145.0
3. Corporate Capital Reserves*	57.6	80.8	102.6	113.8	354.8
4. Total Available Finance	77.6	110.8	142.6	168.8	499.8
5. Resource Balance	−6.6	+14.5	+29.1	+37.5	+74.5

* Includes oil and non-oil.

TABLE 5

FINANCING HOUSEHOLDS INVESTMENT EXPENDITURE, 1970-74

£million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
1. Capital Investment Programme	26.0	29.1	32.1	35.8	123.0
2. Personal Saving	19.3	23.1	25.4	28.0	95.8
3. Advances from other Sectors	6.7	6.0	6.7	7.8	27.2
4. Total Available Finance	26.0	29.1	32.1	35.8	123.0

TABLE 6

PROJECTED FINANCING OF PRIVATE SECTOR INVESTMENT (RECONCILIATION ACCOUNT)

1970-74

£'million

Transaction	1970-71	1971-72	1972-73	1973-74	*Total*
A. *Investment Programme*					
1. Incorporated Business : Oil ..	55.0	61.6	70.2	80.7	267.5
2. Incorporated Business : Non-Oil ..	84.2	96.3	113.5	131.3	425.3
3. Households	26.0	29.1	32.1	35.8	123.0
4. Total Capital Investment	165.2	187.0	215.8	247.8	815.8
B. *Financing*					
5. Capital Inflow : Oil	55.0	61.6	70.2	80.7	267.5
6. Capital Inflow : Non-Oil	20.0	30.0	40.0	55.0	145.0
7. Gross Corporate Capital Reserves	57.6	80.8	102.6	113.8	354.8
8. *Less* Implicit Oil Corporate Capital Reserves	+13.3	−8.5	−22.4	−29.7	−47.3
9. Net Corporate Capital Reserves ..	70.9	72.3	80.2	84.1	307.5
10. Personal Saving	19.3	23.1	25.4	28.0	95.8
11. Total Financing	165.2	187.0	215.8	247.8	815.8

CHAPTER 33

MANPOWER DEVELOPMENT AND UTILIZATION

During the Plan period, the main objectives of National Manpower Policy will be to :

(*a*) contain the incidence of youth unemployment by the provision of more training and employment opportunities ;

(*b*) correct existing imbalances in the educational system consistent with the changing requirements of the economy ;

(*c*) reduce the proportion of expatriate participation in employment ; and

(*d*) meet the manpower requirements for the successful implementation of the Plan and the optimum development of the economy as a whole.

1. Employment and Employment Creation

The Labour Force Sample Survey conducted in 1966-67 indicated that about 40 per cent of the population were in the labour force. The rate of participation in the labour force for persons in the age group 15-55 years was 78 per cent and for all persons in the age group 12-61 years and above, was 76 per cent. An estimated 43 per cent of the male and 36 per cent of the female population participated in the labour force. About 39 per cent of the total population, representing 98 per cent of the labour force, were gainfully employed. The pattern of employment by sex and industry was as follows :

TABLE 1

PATTERN OF GAINFUL OCCUPATION—PERCENTAGE DISTRIBUTION, 1966-67

Occupation	*Males*	*Females*	*Total*
Agriculture	80.1	62.1	71.7
Manufacturing	6.3	14.00	9.6
Construction	1.1	0.01	0.6
Commerce	4.9	22.2	12.9
Transport and Communication .	1.4	0.03	0.8
Services	5.8	1.7	3.9
Others	0.3	0.02	0.2
TOTAL	100.00	100.00	100.00

The total of estimated employed persons was distributed as indicated in Table 2.

TABLE 2

Composition of Gainful Occupation—Percentage Distribution, 1966-67

	Agriculture	*Non-Agriculture*	*Total*
Employers	0.2	0.1	0.3
Own-Account Workers	42.3	21.6	63.9
Employees	0.7	4.5	5.2
Unpaid Household Workers	28.6	1.0	29.7
Unpaid Apprentices	—	0.9	0.9
Total	71.8	28.2	100.0

About 12 per cent of employed persons in Commerce and 8 per cent in Manufacturing and Processing were employers or own-account workers.

The rate of unemployment in the active labour force was roughly 1.7 per cent. This consisted of 7.6 per cent for all urban areas combined and 0.5 per cent for all rural areas combined. In the various age groups, the unemployment rate and composition were as indicated in Table 3.

TABLE 3

Age Pattern of Unemployment—Percentage Distribution, 1966-67

Age	*Unemployment Rate Per cent*	*Share of Total Unemployment Per cent*
15-17	4.1	19.6
18-23	5.0	50.2
24-29	1.4	16.5
30-35	0.6	7.1
36-40	0.3	2.3
41-45	0.3	1.7
46-50	0.3	1.7
51-55	0.3	0.8

By levels of formal education, the highest incidence of unemployment was at the level of Primary but below School Certificate or equivalent where the unemployment rate was about 19 per cent. This group also accounted for 59 per cent of all unemployed persons. Persons with formal education below Primary or Standard VI indicated an unemployment rate of four per cent and 18 per cent share of total estimated unemployed persons. About 70 per cent of unemployed persons had no vocational training.

From the foregoing analysis of the structure of employment, certain features with implications for employment policy need be underlined. It has been broadly estimated that the potential labour force grows at the rate of 2.3 per cent annually. Accordingly, over the Plan period, the annual average net addition to the labour force would be of the order of 620,000. A large part of these new entrants would be primary school leavers and drop-outs, both of which categories accounted for over 70 per cent of total unemployed persons in 1966-67. As the 1967 Sample Survey indicated, most unemployed persons in these categories were seeking positions as "employees".

With the trend towards expanding the primary school system, a policy of deliberate creation of employment must be pursued if the problem of youth employment is to be contained. By 1966-67 the total of persons in wage employment ('employees') was about 1.2 million—about 5 per cent of the total of persons gainfully occupied—and wage employment creation was established at about 45,000 annually, an increase of three per cent per annum. The employment objectives of the Plan include surpassing this growth rate during the Plan period.

The Labour Requirements Survey of 1965 with an establishment coverage of 75 per cent, reported a total of about 570,000 employees in establishments employing at least ten workers. Grossing up this figure, projecting to 1967 and comparing with the Labour Force Sample data would suggest that about half of wage employment in the economy were outside establishments employing at least ten workers. These were in small-scale fabricating establishments, furniture and joinery workshops, motor and bicycle repair shops, bakeries, dressmaking enterprises, retail shops, brick and blockmaking workshop, etc. A policy of deliberate creation of employment would thus pay special attention to wage employment at the level of small scale enterprises.

In spite of the crucial place of wage employment for modernising the economy, the wage-earning sector does not provide a wide enough base for creating employment of the magnitude called for during the Plan period. A wider supporting base must therefore be sought in other employment areas. As indicated above, more than 60 per cent of employed persons in 1967 were self-employed or own-account workers in the traditional sectors of the economy, predominantly rural and characterised by peasant farming, traditional crafts and petty trading. The skills required for such operations are usually passed down from parents to children in a protracted system of traditional "on-the-job" training. The introduction of a formal school system has resulted in drastic reduction of the numbers of children willing to acquire the skills required for, and sustain the way of life associated with, employment in the traditional sectors. While it may be premature to talk of man-power shortages and bottle-necks in these sectors, the super-imposition of a modern educational system which has been largely irrelevant to their skill requirements may well compromise their future growth capability.

Other sectors of high employment absorption consist predominantly of small indigenous enterprises : mechanic and repair workshops, services, manufacturing and processing, crafts and petty trading. These non-agricultural enterprises employing less than ten workers account for more than 25 per cent of total employment in the economy in 1966-67. Skill formation in this area is largely through apprenticeship and the attachment of young persons at an early age to journeymen and master craftsmen.

For employment creation, the appeal of small-scale industries lies in their high employment/investment ratio and, in the context of a largely rural economy, in the large demand potential existing for the goods of these enterprises. A pilot study conducted in 1965 on selected small and medium-scale industries in shoe and leather work, furniture and woodworks, weaving, pottery, ceramic and glass manufacture, timber and singlet manufacturing, demonstrated that with additional small investment to modernise selected promising enterprises, increased production and considerable additional employment could be created in these industries. Most enterprises in these industries reported working below capacity; and this was traced generally to:

(*a*) entrepreneurial short-comings, such as lack of selling ability or inability to produce goods of up-to-date designs and styles to compete with imported articles;

(*b*) inadequate working capital; and

(*c*) lack of proper marketing help.

Government policy has been designed as a pervasive instrument to promote entrepreneurship and stop the export of jobs abroad through importation of goods that could be effectively produced locally. The relevant remedial programmes have been developed in sections of this Plan on agriculture, commerce and industry.

Market forces are not adequate to solve the problem of unemployment in its present magnitude. Serious consideration will be given to the early establishment of a Youth Corps with the following objectives in view:

(*a*) removal of several thousands of unemployed persons (age 14-23) from the labour market, to sublimate their energy and talent into more socially desirable channels;

(*b*) provision of pre-vocational and vocational training in agricultural and industry-oriented skills;

(*c*) channelling the talents and energies of youths for national service in a spirit of community responsibility; and

(*d*) promotion of an all-round education for youths physically, intellectually and morally, particularly to engender a healthy attitude to work and play.

The programme would be mainly rural-oriented with the corps camps in a rural setting. But in addition to the agricultural programme involving poultry, animal husbandry and the cultivation of various crops, corps members would receive training in the following basic trades: Commercial practice, Woodwork, Welding, Motor-Tractor driving, Electrical works, Shoe-making and repairing, Typewriting, Pottery, Masonry, Tailoring, Automobile repair, Fine Arts, Painting, Hair-dressing, Crafts, etc. Instruction would be both theoretical and practical but with emphasis on the more practical. Possession of requisite skills would provide campers who later settle as farmers with subsidiary occupations that may be necessary during farming slack seasons. The camps are not expected to train people directly for industry; but inevitably a number of them would find employment in industrial centres and the preliminary skill-training in the camps would be of tremendous assistance to those embarking on apprenticeship training. Campers would engage in community development projects like the construction of roads, bridges and social services infrastructures.

Individual camps, each of about 300 acres and with 500 campers, would be largely self-sufficient for their food requirements. The building of all dwelling houses and physical structures would also, as far as possible, be carried out by campers themselves under professional supervision. The various skill-imparting workshops would be responsible, where possible, for making the furniture, dresses and other requirements of the camp and camp members. This self-reliance, in itself unique in skill-development would, besides giving campers the feeling of commitment and self-fulfilment, reduce considerably the cost of establishing the scheme. During the period of the Plan, about four such camps would be set up as pilot projects under the scheme.

2. Education, Training and Manpower Supply

Formal education has made considerable progress over the last two decades. The wider provision of educational facilities has been a matter of priority with all the Governments within the Federation. Free primary education is provided in most parts of the country. Secondary and tertiary levels of education have been progressively extended. Accordingly, the overall budgetary allocation to education has been rising.

Between 1952 and 1966, educational expenditure from internal sources rose from about two per cent of GDP at current prices to about four per cent. As a proportion of the total recurrent budget, Government expenditure on educational purposes rose from 15 per cent in 1955 to 22 per cent in 1966. But this varied from one Regional administration to the other. As among all Regions, however, educational expenditure over the last decade had taken from a third to a half of their budgets. For the Federal Government, the corresponding figure was about one-fifth.

The larger part of the expenditure on education went into primary education. In 1966 public recurrent expenditure on education in the country assumed the following pattern: Primary 54 per cent, Secondary 16 per cent, Technical six per cent, Teacher Training five per cent, University 17 per cent, and others including adult education, three per cent. On the whole, Government met 80 per cent and 60 per cent respectively of the cost of primary and secondary education and 85 per cent of the cost of University education. The average recurrent cost to Government was £6 for each Primary school pupil; £75 for each Secondary school student and £1,000 per University student. With the increasing claim of education on the nation's resources, a cost efficiency test of the whole educational system will be vigorously pursued during the Plan period.

Enrolment in the primary schools rose from 2.8 million in 1961 to 3.0 million in 1966 and is expected to reach 3.5 million in the first year of the current Plan. Government policies (including programmes of free education) have considerably influenced cost; and due to increases in teachers' salaries and other unit costs, overall expenditure has tended to increase at a faster rate than total enrolments. For example, between 1952 and 1962 annual recurrent expenditure on primary education rose by 32 per cent while enrolment grew by only 17 per cent. In addition to this lag in enrolment achievement, the primary school wastage of over 60 per cent for the country is one of the highest in the world.

The fortunes of primary school leavers in the labour market do not justify an indiscriminate widening of the base of the educational pyramid without corresponding increase in employment opportunities. As a result of an annual drop-out of 400,000 and an out-turn of 240,000 out of whom only 70,000 could be offered places in secondary schools, thousands of ill-equipped young primary school leavers find themselves in the labour market every year seeking wage employment. Their lack of vocational training and the limited absorptive capacity of the wage employment sector of the economy for this category of workers imply that only a small proportion of each year's output could be immediately absorbed. And as already indicated, about 70 per cent of unemployed persons in the labour force are primary school leavers and drop-outs.

The problem of unemployment among young primary school leavers and drop-outs assumed greater significance with the reduction of the eight-year primary education course to six years in parts of the Federation. The Governments concerned had two objectives:

(*a*) to bring primary education to a wider section of the community; and

(*b*) to cut down costs.

In so far as primary education for all children is a desirable social and political end to attain at all cost, these schemes do not admit of any argument. Nor can the deeply-felt desire in Nigeria to provide the basic demand of primary education be denied. Still, from a resource allocation standpoint, some aspects of these schemes are open to critical re-examination. Firstly, it cannot be proved conclusively that any and all types of education, irrespective of orientation and quality have measurable positive growth-promoting effects. Secondly, the capital and recurrent costs, have been undeniably high. But the real cost is even higher in terms of defective teaching and thinly spread physical facilities.

Higher in the educational pyramid, enrolment in secondary schools was 211,300 in 1966 and is estimated to reach 260,000 in 1970. Unemployment is growing among persons with secondary level education, with the period of unemployment getting longer. In terms of quantitative out-turn, the secondary school system has, in certain respects, satisfied the enrolment needs of the Universities as well as the man-power needs of the economy but it is considered that development would benefit more from a diversification of course content by placing greater emphasis on Mathematics and the Sciences in response to the economy's demand for those who could be trained in Science and Technology.

Technical education has unfortunately not received all the emphasis it deserves in a growing economy. Total enrolment in the technical institutes and colleges of technology is about 3,000 with a potential annual out-turn of about 900. Besides remarkably falling below the demands of the economy, this out-turn underlines the unrealistic weighting placed on the different levels of education. While professional and managerial personnel should be supported by intermediate category workers at a ratio of 1 to 3 or less, the ratio of University output to the output of the technical institutes is 2 : 1. This has led to uneconomic use of senior category manpower and to a growing demand by the private sector for expatriate intermediate manpower especially in construction, manufacturing and processing. If an economic skill-mix is to be achieved from local sources, enrolment for technical education must rise considerably during the Plan period. The system must be ready to offer a wider range of courses than at present available.

Total enrolment in trade and vocational schools engaged in the training of craftsmen and artisans has reached 7,000. These institutions served a very useful purpose at an earlier stage of economic growth and skill development. The educational and training content of most jobs in the skilled and semi-skilled category, however, indicate employers' preference for the training of these workers through apprenticeship and or on-the-job. Trade centres and vocational schools would therefore, seem to be losing their validity, and further expansion in this area would have to be contained.

Education at the tertiary level has grown considerably. Enrolment in local Universities has grown from about 3,000 in 1961 to about 9,700 in 1969. With the end of the civil war and the rehabilitation of the University of Nigeria, Nsukka, enrolment is expected to reach 11,200 by 1971. Out-turn which has grown from 700 in 1964 to 1,600 in 1969 is expected to reach 3,500 by 1973. In response to the demand for more graduates in Science and Technology, enrolment has shifted from the earlier bias for the Arts and Humanities towards a balance between the Humanities on the one hand and Science and Technology on the other.

The desirable ratio of enrolment in Science and Technology to Arts and the Humanities has to be kept under constant review by the authorities. The latest thinking within the National Manpower Board is that it should be fixed at 50 : 50 within the Plan period. In any case, in the Nigerian context, it may not be advisable to exceed a ratio of 60 : 40 in the face of acute shortages indicated in the managerial and administrative categories of high-level manpower.

University development in the period 1970-74 aims at an additional 7,000 student places to be allocated under the auspices of the National Universities Commission, among various disciplines and fields of study in line with expected high-level man-power needs of the economy. The institutions of higher learning would also aim at a fuller utilization of existing and proposed facilities by :

(*a*) achieving teacher/student ratios of 1: 12 in the Sciences and 1: 15 in the Liberal Arts and Humanities ; and

(*b*) avoiding competitive multiplication of departments among various institutions.

3. Some Specific Sector Problems

Out of proportion to its share of total employment, the modern sector plays a crucial role in the growth and transformation of the economy. Assuming an early re-activation of economic life in the war-affected areas, employment in the modern sector is estimated to grow beyond 765,000 at the end of 1970 from a base of 610,000 in 1963. Growth in the sector over the last decade has been supported by the training educational effort of the country and the utilization of expatriate manpower to fill vacancies. Available data indicate a high level of expatriate participation in senior category employment : between 30-40 per cent in each of the occupational groups of medical practitioners, architects and town planners, surveyors, estate managers, graduate teachers and all categories of engineers. In senior managerial and administrative positions, the share of expatriate employment is about 28 per cent.

Besides, there are significant vacancy rates of 7 per cent for Medical Practitioners, 20 per cent for Pharmacists, five per cent for Engineers (all categories), 14 per cent for Accountants and Auditors, 19 per cent for Architects and Town Planners, 14 per cent for Surveyors, 14 per cent for Research and Production Physicists, Chemists, etc., five per cent for Senior Managerial and Administrative Personnel, nine per cent for Graduate Teachers and ten per cent for Other senior category personnel. At the intermediate level, vacancy rates are seven per cent for Junior Managerial and Administrative personnel, 11 per cent for Draughtsmen, four per cent for Technical Assistants, six per cent for Laboratory Technologists, 23 per cent for Research Assistants, five per cent for Work Supervisors and two per cent for Non-graduate Teachers.

In the private sector, the following factors, in descending order of importance, were reported by employers as hindering their recruitment of Nigerians to high-level positions : (*a*) inadequate educational requirements, (*b*) inadequate experience, and (*c*) lack of training. Among the most significant basic factors reported as retarding managerial performance were inadequate management training and poor quality subordinate employees. Inadequate educational and professional background was reported as a deficiency among indigenous managers.

However, these recruitment difficulties and deficiencies among existing personnel are factors which a well-programmed employer-training effort could considerably resolve. But in spite of the bottle-necks in quantity and quality, employer-training effort continued to be negligible. In 1969, only 7,400 employees were undergoing courses of training under the various employer-training programmes in the economy. About 2,200 were in the private sector and most of these were on short-term courses. Over the last two decades, the Governments of the Federation have borne more than their equitable share of the cost of technical and vocational training needed for economic development. Private employers have, in contrast, tended to place the lowest premium on skill training and manpower development and to resort to expatriate quota as a solution to, rather than as a stop-gap for, their manpower problems. With the greater diversification of the economy and establishment of more industries for which there are no available local skills or experience, the prospect is that in the absence of a comprehensive and well-articulated man-power training scheme related to the needs of the economy and the expatriate quota requirements of individual enterprises, the proportion of expatriate employment may yet grow. Official policy is committed to reducing this extreme reliance on expatriate personnel, and to relating, through increased training effort, the supply of high-level manpower and vocational and technical skills to the needs of the economy in general and of individual industries in particular.

As a project under the general training effort, Government will undertake a special programme for the development of managerial manpower. Considerable facilities exist in the country for the supply of potential managerial manpower and for the development of working managers. The annual demand for managerial personnel is estimated over the Plan period at 3,500 ; 1,000 for senior managerial and administrative positions, and the rest for junior managerial and supervisory functions. The requirement of formal education in the job preparation for managerial and supervisory functions could be substantially met by the country's educational system. Various local facilities of varying and limited coverage and effectiveness exist for upgrading the efficiency and effectiveness of working managers. In spite of the reported bottle-necks in managerial manpower, the latter facilities are not being utilised to the optimum due to lack of co-ordination and information.

Accordingly, steps will be taken for the establishment of a machinery for co-ordinating management training with the objective of eliminating wasteful duplication and ensuring that courses offered reflect the needs of the economy. The Nigerian Council for Management Education and Training, embracing both suppliers and users of management training, will be reconstituted with the following functions :

(*a*) to co-ordinate and obtain agreement concerning future programmes of management education and training, including their subject, location, standard, capacity, frequency, duration, type and cost ;

(*b*) to maintain an up-to-date register of all available programmes and ensure its adequate publicity ; and

(*c*) to provide a means of exchanging relevant information and ideas.

Under the Council, a Centre for Management Development will be created with the object of re-inforcing the complex of training institutions and facilities. The centre will undertake in-plant consultancy and engage on a continuous programme of research into local problems and trends in management while strengthening existing institutions by participating in defining training needs, designing courses, preparing course materials and delivering the training and follow-up.

In furtherance of the Indigenisation Policy spelt out in Chapter 29, Government will restrict the entry of non-Nigerians into private partnerships of Architects, Accountants and Auditors, Lawyers and Solicitors, Surveyors, Engineers and Estate Insurance Managers and Agents, and measures would be taken to phase out, as soon as possible, existing quota in expatriate or non-Nigerian partnerships and firms in these professional and occupational groups. Measures would also be taken to phase out expatriate employment in the administrative and managerial grades, and the further participation of non-Nigerian private partnerships in certain fields of economic activity like wholesale and retail trade in general merchandise and technical goods, textile distribution, road transport and service industries such as banking and insurance, would be severely restricted. In the Construction industry, the expatriate quota of non-Nigerian private firms would be reviewed with a view to phasing out their allocations within the shortest possible period. Measures also would be taken to tie all existing and future expatriate quota allocations strictly to the training of Nigerian counterparts.

Two related subjects demanding the attention of the Federal and State Governments are the general question of labour mobility within the Federation and the staffing structure of the public services of the newly-created States. Recent events in the country may have reduced the free movement of skilled persons between parts of the Federation and, as experience on expatriate quota shows, may lead to an increased recruitment of expatriates in place of Nigerians. In consequence, surpluses in certain categories of manpower may exist in one State while another State may face shortages in the same categories. Free movement is a function of the social and economic situation. With the end of the crisis and the return of normalcy, the prospect is that employers would show increased disposition to an open-door employment policy as all Nigerians would be more willing to work in any part of the Federation.

Rapid economic development and an optimum utilization of manpower presume a single labour market. Official policy, therefore, places premium on the unhindered mobility of skills throughout the Federation. The right of each citizen to seek employment wherever he desires and that of private industry to a free hand in the employment of Nigerians would continue to be promoted and enhanced.

On the creation of twelve States, the new States carved out of the old Regions shared the personnel and facilities of the former Regional administrations. The defunct regional public services had been structured on the resources, potentials and the future development needs of the Regions. With the smaller State entities, new staff structures based on the more limited human and physical resources of the new entities, and in consideration of the peculiar characteristics and demands of each new State, had to be built. As human resources development had not been uniform within the former regions, the re-deployment of the public servants of the defunct regional administrations, largely on the basis of workers being allocated to their States of origin, resulted in some States inheriting personnel out of relation with their needs. While some States suffer shortages in certain categories of manpower or occupational group, others have lop-sided or top-heavy personnel structures consequent on their obligation to take over indigenes of their respective States formerly employed by the old Regional Services. The governments concerned are taking steps to build up a balanced personnel structure in their State Public Services and re-adjust existing shortages and surpluses.

A general facilitation of unhindered labour mobility, is generally recognised as a palliative in the short run since the long-term solution lies, in boosting the supply potential of those States where significant shortages exist. This implies (*i*) a considerable increase in their secondary school enrolment, and (*ii*) a greater emphasis on Mathematics and the Sciences in secondary education on a scale to meet the immediate intermediate and semi-skilled manpower demands of the individual States and the general requirements for high-level manpower training. The Plan places premium on this aspect of educational development, and the Federal Government would, through subsidies and subventions, assist the State administrations in achieving these secondary-school development objectives. A generous scholarship and bursary programme for graduate teacher training and high-level manpower development will also supplement this programme of assisting manpower development in educationally under-provided States in the Federation.

CHAPTER 34

MANPOWER IMPLICATIONS OF THE PLAN

The wide acceptance that the development of an economy should not only be seen in terms of the growth of the national income but should also take account of the income distribution pattern, calls for considerable attention to the probable employment content of development plans. This requires that development plans should be appraised for their impact on employment. The success or otherwise of a plan depends partly on its employment achievements. Accordingly, manpower planning is an integral part of general economic planning.

At their best, manpower projections are an extremely hazardous exercise. In the immediate post-war circumstances of Nigeria and with limited data available generally for the present Plan, the hazards are even greater than usual. The methodology of manpower projection is varied, and few, if any, of the major techniques have been successfully put to hard empirical tests. Nevertheless, the growing emphasis on the employment aspects of economic growth oblige planners to a continued interest in seeking a meaningful picture of the future manpower situation on the basis of set assumptions and the characteristics of the Plan's policies, programmes and projects.

Each known technique carries its limitations and constraints. The econometric method cannot be solely relied upon, even where considerable and reliable relevant statistics are available. The statistical method proceeds on the assumption that the relationship between economic variables would remain fairly constant over time. In a fast developing economy, this is open to serious questioning.

Within these limitations, planners continue to attempt manpower projections accepting the hazards implicit in the different methodologies. Some of the well-known methods from which these projections have benefited in varying degrees, include :

(*a*) Harbison's rule of thumb, which assumes that employment grows at half the growth rate of national income.

(*b*) The approach of international comparison that assumes a "man-power growth path" through which all economies have to pass in the process of growth.

(*c*) The OECD (Parnes) model which relates education to the man-power target of the economy.

(*d*) Tinbergen's regression equations, which conclude that high-level man-power has to grow at approximately the same rate as the national income.

1. Estimation Technique

Aggregate employment series could not be considered for the total economy as available nformation is limited to the 1953 and 1963 Censuses of Population and the 1966-67 Labour Force Sample Survey. Concepts of the labour force and of industrial distribution used by the 966-67 Survey have been adopted. Estimates of the Gross Domestic Product are available in onstant prices from 1960 to 1968. These are used together with the 1970-74 Gross Domestic Products projected in the Plan. A range of possible productivity gains is assumed, after reference o the Industrial Survey of the Federal Office of Statistics and the FAO Report of Agricultural Development in Nigeria, 1965-1980. Final estimates are adopted on the assumption of oderate increases in productivity. Although no drastic changes in the pre-Plan relationship etween employment and output are expected, allowance has been made for moderate changes the past relationships as a result of the character of investment programmes in the Plan, ojected changes in the products mix and probable shifts in labour productivity.

Thus, projected changes in the volume of output have been used to estimate future employment requirements during the Plan period on the basis of statistical relationships in the recent past, but due account being taken of planned changes that would modify the values of some of the crucial relationships. In the Agricultural sector, for example, increases in productivity are expected during the Plan period because of the nature of investment in the sector and the character of other intermediate inputs. This increase in productivity would however, not be fully reflected in as rapid an increase in the Gross Domestic Product per worker as might be anticipated, because of the need to absorb more labour force in the rural economy.

In the Manufacturing and Crafts sector, trends in output per worker are expected to be mixed. Allowance is made for rapid gains in output per worker in large-scale manufacturing and moderate gains in the medium and small manufacturing establishments. Similarly, fairly rapid gains are expected in the capital-intensive industries and only slight gains in the labour-intensive craft industries. On balance, moderate gains in output per worker are projected in this sector during the Plan period.

In the Mining sector, recent historical relationships between employment and the Gross Domestic Product are not very meaningful, because of the increasing dominance of petroleum production. The industry is now characterised by high capital intensity and by a rapidly changing structure. The production phase of crude oil has now over-shadowed the exploration and prospecting phases in the industry. Therefore, estimates have been made separately for the major components of the sector on the basis of physical production data. It is expected that the potential employment impact of increased metal mining activity will be more than offset by continuing rapid gains in productivity. A recovery in coal production and employment is anticipated during the Plan period, although the total medium-term employment impact is not likely to be significant as employment requirements will continue to decline in the light of increasing productivity and better market competition from other sources of fuel. The great increase expected in petroleum production will result in some significant increase in direct employment. However, because of the present small employment base, the actual number of additional jobs created in the industry will not be large. The greatest employment impact from the expansion of the petroleum industry is expected to be indirect, through other supporting or ancillary industries.

On the Services, Commerce, Finance and Government sectors, gains in output per worker are expected to be minimal because of their labour intensive nature of organisation. Health and Education have been treated under the general Services Sector.

Although various sources of data exist for establishments employing ten or more persons, no consistent time series are available. The sources available are :

(*i*) The Employment and Earnings Enquiries of the Ministry of Labour, 1956-1962.

(*ii*) The Industrial Surveys of the Federal Office of Statistics, 1963-1969.

(*iii*) The High-Level Manpower Study, 1963-1970, and Survey of Labour Requirements 1965, both by the National Manpower Board.

(*iv*) Miscellaneous studies covering areas such as Railroad and Mining Employments.

Data from the various sources have been adjusted, where possible, for the differences in coverage. This was done on the basis of establishment and employment, by observing the relationship between the coverage and the average establishment employment size for selected years and regions. The resulting employment series for each industry group was compared with available measures of real output and the Gross Domestic Product. Inconsistencies were then examined and suitably modified. Adjustments on the basis of the Gross Domestic Product were held to a minimum so as not to develop a superficial correlation between changes in employment and shifts in the Gross Domestic Product. Some estimates were made for employment for the period 1966-69 on the basis of available measures of output and assumptions about trends during the period. These estimates should be considered as informed guesses, the purpose of which was to arrive at the 1970 base figures required for estimating the employment impact of the Plan.

The projected sectoral Gross Domestic Product estimates for the Plan period were used to estimate employment trends during the period, assuming only marginal changes in the pre-Plan relationship between trends in employment and national income. Since the estimates of Gross Domestic Product are for the total economy and not only for the wage employment sector, estimates of output per worker were not calculated as was done under the procedure for the general economy. The resulting estimates were further examined in the light of known trends within the respective sectors of the economy. In projecting the relationship between employment and the Gross Domestic Product, allowance was made for a slightly faster gain in the wage employment sector relative to total employment than during the pre-Plan period. In order to arrive at the occupational requirements implied by the total employment projections for the wage employment sector, occupational mixes for each sector were derived from the 1965 Survey of Labour Requirements and applied to the aggregate sectoral projections. Individual occupational groups were then summed up for all industries to arrive at occupational totals for the economy. The resulting occupational requirements thus reflect the differential rates of employment growth by major industries. However, they do not show changes in the ratio of occupations within industries nor shifts in the relative importance of sub-sector industries.

For high-level occupations, alternative estimates were made—

(*i*) to allow for an increase of about 10 per cent in the ratio of high-level workers during the Plan period ; and

(*ii*) on the basis of the 1963-65 changes, to provide a range of occupational estimates.

Estimates for certain occupational groups providing social services (e.g. medical doctors and teachers) where requirements depend partly on stated social objectives, were also adjusted to reflect the policy goals.

2. Labour Force

No reliable serial data could be constructed on the growth and characteristics of the labour force necessary to determine the flow of new entrants during the Plan period. Available sources of information were limited to the 1953 and 1963 Censuses of Population and the 1966-67 Labour Force Sample Survey. The concept and measure of the labour force and of its industrial distribution varied between the sources ; and reconciliation was not easy. In the event, the concept of the labour force as defined in the 1966-67 Survey and the industrial distribution indicated in Chapter 33 were adopted. The labour force was accepted at 39.7 per cent of the population. Its growth rate was, in the first instance, estimated at 2.5 per cent to approximate to the rate of growth of the total population. On this basis, about 26.28 million and 29.01 million persons would be in the labour force in 1970 and 1974 respectively.

Alternatively, it was considered that the growth rate of the labour force may, for certain reasons, not be the same as that of the total population. Firstly, the increasing pace of educational opportunities and the accompanying tendency for persons to stay in school longer may, in the medium-term, result in young persons entering the labour market at much later ages. Especially in the rural areas, there would be a tendency for females to enter the active labour force at a later age than in the past. Secondly, a cautious comparison of the age distribution of the potential labour force in the age group 15-55 in the last Census with the 1965 Rural Demographic Sample Survey of the Federal Office of Statistics and the 1966-67 Labour

Force Sample Survey, indicates that while in 1963, 52.9 per cent of the population belonged to the potential labour force as defined, only about 51 per cent of the rural population in 1965 and about the same proportion of the total population in 1967 belonged to this category. This suggests that the potential labour force itself as a proportion of the population may already be decreasing, while the share of persons in the age group 0-15 is increasing. Thirdly, the 1965 Rural Demographic Survey found an annual growth rate of 2.3 per cent for the total population. Though this has still to be properly confirmed, the study is the only available field evidence on the subject. This would suggest initially, that the total population may be growing at a little less than 2.5 per cent. In the circumstance, it is considered that a growth rate of 2.3 per cent is probably more valid for calculating the size of the active labour force.

TABLE 1

ESTIMATED LABOUR FORCE, 1969-75

In millions

Year	2.5% *Annual Growth*	2.3% *Annual Growth*
1969	25.64	25.50
1970	26.29	26.08
1971	27.94	26.68
1972	27.62	27.29
1973	28.31	27.92
1974	29.01	28.56
1975	29.74	29.22

3. Gainful Occupation

Among the major priorities of the Plan are the maintenance of the productive capacity of the nation through the restoration of war-damaged facilities, the establishment of efficient administrative services and of appropriate economic infrastructures in the new States, and the rapid improvement of the level and quality of Social Services. The highest priority fields are Agriculture, Industry, Transportation and Manpower Development. Emphasis is especially laid on schemes to remove existing intersectoral bottlenecks in the areas of transport, communications, fuel and energy. Through appropriate fiscal measures, intensive activity in Manufacturing will be sustained and indeed increased. Private investment in Mining, particularly in petroleum mining, would increase significantly and the contribution of the sector to the Gross Domestic Product would reach almost four times its 1969-70 level by the end of the Plan period. Reconstruction and provision of more and better infrastructures in the new States would also result in increased activity in the Construction industry. Following an investment of £1,596 million during the Plan period, the Gross Domestic Product at factor cost is estimated to grow from the 1969-70 level of £1,513.8 million at 1962 constant cost prices to £1,993.3 million by 1973-74.

The share of Agriculture and allied activities in total employment declined from 78.6 per cent to 71.7 per cent between 1952 and 1967. In spite of the continued primary position of this sector in the national income, and notwithstanding the top priority given to it in the Plan, the share of Agriculture in total employment would continue to decline as part of the process of modernising and diversifying the economy. Despite this decline in percentage share of employment, however, Agriculture would continue, even beyond the Plan period, to be the largest employer in the economy.

Intensive activity in Manufacturing, leading to a doubling of the sector's contribution to the Gross Domestic Product between 1968-69 and 1973-74, is expected to result in a significant increase in total employment in the sector. Increased activity in Mining would be mainly in the field of petroleum and, in view of the highly capital-intensive nature of the industry, the remarkable increase in income from the sector would result only in a slight increase in total sectoral employment. The real impact of the sector in terms of employment creation would be in its secondary and tertiary effects in Transport, Communications, Services, Manufacturing and the general impetus to economic activity resulting from the increase in income.

The emphasis on Transport and Communications would lead to a slight increase in sectoral employment. The main employment effects of removing intersectoral bottlenecks would, however, be felt in other sectors outside Transport and Communications. The employment effect of providing the administrative services and infrastructures in the new States through increased investment in Manpower Development, Education, Health, General Administration and other Services is expected to be significant especially for wage employment. Reconstruction and development efforts in both private and public sectors would help the recovery of employment prospects in the Construction industry which had shown signs of decline before the civil war.

The 1966-67 Labour Force Sample Survey indicated that in 1966, of about 23.81 million persons in the Labour Force, 23.42 million were gainfully occupied. In 1970, an estimated 24.05 million persons out of the estimated labour force of 26.08 million would be in gainful occupation. Between 1966 and 1970, although estimated total gainful occupation has increased by 0.63 million persons, probable unemployment has also grown by about 1.6 million persons. By 1974, the estimated labour force would be about 28.56 million persons. But if the employment targets of the Plan are achieved, about 27.3 million of this total would be in gainful occupation.

TABLE 2
ESTIMATED TOTAL GAINFUL OCCUPATION, 1966-74

Year	*Labour Force (millions)*	*Gainfully Occupied (millions)*	*Unemployed (millions)*	*Percentage of unemployed in Labour Force*
1966	23.81	23.42	0.40	1.69
1970	26.08	24.05	2.03	7.80
1974	28.56	27.31	1.25	4.40

Table 2 outlines the main impact of the Plan in reducing unemployment. Additional gainful occupation would grow by an estimated 3.25 million during the four-year Plan-period as against 0.63 million in the pre-Plan period 1966-70. The aggregate unemployment rate of 7.8 per cent in the labour force in 1970 would thus be reduced to 4.4 per cent by 1974. The pattern of the total probable gainful occupation is set out in Table 3.

TABLE 3

Pattern of Total Gainful Occupation, 1969-1974

Industry Group	*Estimated Employment* 1970 *(millions)*	*Percentage Share of Employment* 1970	*Gross Domestic Product (£'millions)*		*GDP Percentage Increase* 1969-74	*Estimated Percentage Increase in GDP per worker* 1969-74	*Estimated Percentage Increase in Employment* 1969-74	*Estimated Employment* 1974 *(millions)*	*Percentage Share of Employment* 1974
			1969-70	1973-74					
Agriculture . .	16.790	69.8	801.8	880.6	9.8	3.7	6.5	17.881	65.5
Mining	0.055	0.2	68.4	266.5	289.6	262.3	27.3	0.070	0.3
Manufacturing, Crafts, etc. . .	2.930	12.2	153.9	262.2	70.4	16.0	54.4	4.524	16.6
Construction . .	0.136	0.6	76.3	99.9	30.9	5.0	25.9	0.171	0.6
Commerce . .	3.030	12.6	190.0	212.9	12.1	2.0	10.1	3.336	12.2
Transport and Communication	0.167	0.7	58.5	70.4	20.3	3.0	17.3	0.196	0.7
Services	0.946	3.9	164.9	200.8	21.8	1.5	20.3	1.138	4.1
Total	24.054	100.0	1,513.8	1,993.3	31.7	20.3	11.4	27.316	100.0

The labour market situation for the period 1970-1974 is summarised in Table 4.

TABLE 4

THE LABOUR MARKET, 1970-1974

In millions

Category	1970	1974	*Change*
1. Labour Force	26.080	28.560	2.480
2. Unemployment Gap	2.030	1.250	−0.780
3. Gainful Occupation	24.054	27.316	3.262
(*a*) Agriculture	16.790	17.881	1.091
(*b*) Non-Agriculture	7.264	9.435	2.171
i. Medium and Large-scale	0.695	0.905	0.210
ii. Small-scale	6.569	8.530	1.961
4. Wage Employment	1.385	1.790	0.405
(*a*) Non Agriculture	1.215	1.600	0.385
(*b*) Agriculture	0.170	0.190	0.020
(*c*) Medium and Large-scale establishments	0.765	0.985	0.220
(*d*) Small-scale establishments	0.620	0.805	0.185
(*e*) Small-scale establishments (Non-Agriculture)	0.522	0.694	0.172
5. Self-account, Unpaid Household Workers and Unpaid apprentices	22.669	25.526	2.857
(*a*) Agriculture	16.620	17.691	1.071
(*b*) Non-Agriculture	6.049	7.835	1.786

The picture set out in Table 4 underlines the relatively small, though strategic, importance of direct employment creation in medium and large-scale establishments during the Plan period. This forcefully emphasises the crucial role of mass participation in the development process, especially for the generation of employment opportunities. State Governments and Local Administrations whose policies and actions impinge directly on the people, have a vital responsibility in reducing unemployment and underemployment. They need to encourage indigenous entrepreneurship, evolve and undertake measures which would facilitate the upgrading of existing small-scale farms and industries and involve the entire people as intimately as possible with community development projects.

4. Wage Employment

Wage employment in 1966 accounted for about 5 per cent of total gainful occupation. From Table 4, the ratio would have increased to 5.8 per cent in 1970 and 6.6 per cent in 1974. In spite of this narrow base, wage employment occupies a strategic place in the process of odernising and diversifying the economy. It is on this segment of the labour market that the irect effects of public policy and development planning impinge. It, therefore, deserves specific ttention.

Estimating from the 1966-67 data from the 1965 Labour Requirements Survey and from other sources, about half of total wage employment in 1966 was in medium and large scale industries. Total wage employment grew at an estimated 3 per cent annually before the present Plan period. On this estimate, total wage employment would stand at about 1.38 million by 1970.

TABLE 5

ESTIMATED WAGE EMPLOYMENT CLASSIFIED BY SECTORS, 1966-74

Sector	1966 *Employment*	*Per cent Share*	1970 *Employment*	*Per cent Share*	1974 *Employment*	*Per cent Share*
Agriculture	163,900	13.5	168,000	12.2	191,000	10.7
Non-Agriculture	1,049,100	86.5	1,217,000	87.8	1,599,000	89.3
TOTAL	1,213,000	100.0	1,385,000	100.0	1,790,000	100.0

By 1970, an estimated 765,000 persons would have been employed in medium and large-scale establishments, the remaining 622,000 being employed in small-scale enterprises. At the end of the Plan period, it is estimated that total wage employment would be at the level of 1.790 million, or an accretion of 405,000. This represents an average annual growth of about 7 per cent. The annual addition of 101,000 wage jobs during the Plan period compares favourably with the pre-Plan level of 45,000 per year.

5. Employment in Medium and Large-Scale Establishments

The 1965 Establishments Survey had a coverage of about 75 per cent, with a total of 570,000 workers in establishments employing ten or more workers. Employment in the sector was then estimated at 630,000 and growing at an average of about 21,000 a year.

As indicated in Table 6, total employment in such establishments is expected to reach the target level of 985,000. This implies a 7 per cent annual growth, or an additional employment of 220,000 workers over the 1970 estimated level of 765,000. This is an annual average accretion of 55,000 as against 21,000 in the pre-Plan period.

TABLE 6

LEVEL AND PATTERN OF ESTIMATED EMPLOYMENT IN ESTABLISHMENTS EMPLOYING TEN AND MORE WORKERS

Industry Group	*Per Cent Share* 1965	*Estimated Employment* (000's) 1970	*Per Cent Share* 1970	*Estimated Employment* (000's) 1974	*Per Cent Share* 1974	*Additional Employment* 1970-74 (000's)
Agriculture	10.4	70	9.2	80	8.1	10
Mining	7.0	55	7.2	70	7.1	15
Manufacturing and Processing	11.4	145	19.0	225	22.8	80
Construction	15.4	105	13.7	125	12.7	20
Electricity and Gas	2.4	20	2.6	25	2.6	5
Commerce	7.3	55	7.2	65	6.6	10
Transport and Communications	9.4	50	6.5	65	6.6	15
Services	36.7	265	34.6	330	33.5	65
TOTAL	100.0	765	100.0	985	100.0	220

In absolute terms, the largest gains would be in Manufacturing and Processing, Services and Construction. By broad occupational categories, wage employment in 1974 would be distributed as follows :

Senior Managerial and Administrative Personnel	21,000
Graduate Teachers	8,000
Other Senior Category Personnel	29,000
Intermediate Personnel	160,000
Skilled and Semi-skilled Workers	290,000
Residual Category	477,000
TOTAL	985,000

In a limited way, estimates of certain occupational requirements were compared with current rates of training output to identify possible imbalances. This essentially confirmed known shortfalls in several occupations, such as medical doctors, graduate teachers and certain categories of engineers.

6. Need for Further Articulation

From the foregoing, it will be readily seen that the exercise of projecting manpower requirements was carried out in the face of serious limitations. The procedures adopted were in certain respects determined primarily by the fact that time and data were not available for making alternative estimates. It was, at best, a partial exercise. The procedure adopted was intended to be a general technique of determining the employment impact of the Plan. It will be used essentially as a framework within which to study estimates of direct employment creation of individual investment projects. Although the present estimates should only be considered preliminary and indicative, they may prove valuable in pointing out inconsistencies and gaps in the labour market.

For future exercises during the Plan period, the following points would be borne in mind :

(*a*) Calculation of labour force participation rates by age and sex.

(*b*) Emphasis on refining and further disaggregation of the employment data.

(*c*) Analysis of the background changes in the product mix and in the production functions for individual industries.

(*d*) Detailed evaluation of changing occupational patterns, supported by employment studies of key occupations.

(*e*) Special study in depth of employment in the Agricultural sector.

(*f*) Development of 'regional' employment estimates and their integration with national estimates.

TABLE 7

ESTIMATED EMPLOYMENT IN SELECTED OCCUPATIONS MEDIUM AND LARGE-SCALE INDUSTRY[1]

1970 AND 1974

Occupation Group[2]	*Estimated Employment*		*Additional Employment Requirements,* 1970-1974
	1970	1974	
Directors, Managers, etc.	17,039	21,122	4,083
Engineers, Total	4,460	5,841	1,381
Mechanical	1,324	1,776	452
Electrical	940	1,240	300
Civil	885	1,067	182
Others	1,311	1,758	447
Doctors [3]	2,100	2,700	600
Accountants/Auditors	1,379	1,801	422
Architects/Town Planners	136	190	54
Surveyors	320	393	73
Physicists/Chemists	739	941	202
Biologists, etc.	187	218	31
Economists, etc.	345	416	71
Graduate Teachers	6,168	7,688	1,520
Other Senior Staff	12,781	17,551	4,770
TOTAL, SENIOR STAFF	45,654	58,861	13,207
Junior Managers, Supervisors, etc.	50,276	66,131	15,855
Draughtsmen	1,064	1,453	389
Technical Assistants	5,125	6,472	1,347
Laboratory Technicians	2,201	2,793	592
Accounting Assistants	2,106	2,675	569
Nurses	6,968	8,715	1,747
Medical Technicians	645	800	155
Work Supervisors	6,206	8,363	2,157
Non-graduate Teachers [4]	48,025	52,832	4,807
Other Junior Staff	4,263	9,023	4,760
TOTAL, INTERMEDIATE CATEGORY	126,879	159,257	32,378

TABLE 7—*continued*

ESTIMATED EMPLOYMENT IN SELECTED OCCUPATIONS MEDIUM AND LARGE-SCALE INDUSTRY[1]
1970 AND 1974

Occupation Group[2]	*Estimated Employment*		*Additional Employment Requirements, 1970-1974*
	1970	1974	
Drivers	16,727	22,001	5,274
Telephone Operators	2,461	3,161	700
Moulders, etc.	938	1,402	464
Plumbers	1,792	2,294	502
Welders, etc.	3,509	4,983	1,474
Electricians	8,038	10,216	2,178
Machinists, etc.	5,177	7,234	2,057
Carpenters, etc.	10,253	13,163	2,910
Masons, etc.	6,318	7,681	1,363
Stationary Machine Operators	2,017	2,640	623
Other Skilled Workers	160,074	214,638	54,564
TOTAL, SKILLED CATEGORY	217,304	289,413	72,109
Office Employees	102,352	130,589	28,237
Unskilled Workers	221,480	281,722	60,242
Others	51,331	65,158	13,827
TOTAL, RESIDUAL CATEGORY	375,163	477,469	102,306
GRAND TOTAL	765,000	985,000	220,000

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[1] Data cover establishments employing 10 or more persons, except in the case of doctors, for whom total employment has been estimated. Therefore, estimates in this table for occupations with significant employment in small establishments, such as non-graduate teachers, may be considerably lower than total requirements. Although data are shown in unrounded form for statistical purposes, they should be considered only as estimates.

[2] The occupational classification system used is the International Standard Classification of Occupations.

[3] These data are based on current enrolments in medical schools and the likely return of Nigerian medical practitioners from abroad (but excluding any significant increase in the number of expatriate doctors). Under even the most favourable circumstances, the total number of medical practitioners in Nigeria is not expected to exceed 3,000 in 1974. Merely to maintain the current ratio of doctors to population—about one doctor per 30,000 population but with extreme regional differences—approximately 3,855 doctors would be required in 1974.

[4] Data compiled by the Ministry of Education indicate a number of non-graduate teachers significantly higher than shown in this Table. The difference between the two sources results from the inclusion in the Table of only schools employing 10 or more persons, as well as other slight differences in coverage and concepts. Estimates for the total number of non-graduate teachers are presented below:

1970	*1974*	*Change between 1970-1974*
90,000	100,000	10,000

The 1970 estimate assumes the return to operation of all schools in the war-affected areas.

CHAPTER 35

RULES AND PROCEDURE FOR IMPLEMENTING THE PLAN

Implementing a development plan is as important as, if not more important than, drawing up the plan. Experience has shown that even with the best planning techniques in the world, there usually exists a gap between plan formulation and plan implementation.

The existence of such a gap is predicated on a combination of factors. In almost all developing countries plan architects are often not the same people as plan executors. For the 1962-68 period, foreign experts were recruited to formulate the Plan which was technically sound, internally consistent and economically viable on the pages of the plan document. Soon after, the experts had to return to their own country. Nigerian planners and the executing agencies, which had not been fully associated with the drawing up of the plan, were then left to make the best they could of the approved Plan. This mistake has been corrected in the present Plan which has been prepared by Nigerians assisted by some foreign planning advisers in some of the new states.

The Rules for implementing the Plan are also laid down herein as an integral part of the Plan. No matter how well-conceived a plan may be, once the rules are violated or completely disregarded, the plan is bound to be distorted and its targets unattainable.

It is necessary to emphasise, however, that a plan document is not meant to be a rigid document. All the macro-aggregates of a plan are usually based on a number of assumptions, and these are bound to change when more data and better knowledge of the economy become available. This is to say that during the life of a plan the planning agency must continue to make further studies into the economy, to narrow down the areas of uncertainty and improve on the quality of information available on each project or sector. It is therefore essential for both the Planning Ministry and the executing agencies to regard themselves as comrades-in-arms rather than as competitors. The Planning Ministry tries to police the plan by ensuring that the priorities are not distorted through the introduction of new and ill-conceived projects or by serious shortages of manpower, foreign exchange, working capital or equipment. On the other hand, there must be a system of reporting, by the executing agencies, on the progress made in the accomplishment of their programmes, with indications of areas where assistance is urgently required.

There already exists in Nigeria certain instruments for plan control and implementation. These need restating for the benefit of all involved in the development process. They have also been updated in the changed circumstances of today.

The procedure for introducing new projects into the plan should ensure that any new project to be introduced, whether on the State or Federal level, should be prepared along the lines stipulated in the *Manual on Project Preparation for the Reconstruction and Development Plan 1970-74* which was widely circulated to facilitate the appraisal of the major projects included in the current Plan. The main purpose of requesting Ministries to conform to this procedure is to ensure that such projects are viable and are in line with national priorities. On the other hand, it ensures that such projects take their place among the various projects competing for national resources at any point in time. Under no circumstance should a project be implemented without this pre-appraisal test.

The approval of a project (or projects) does not qualify it (or them) for automatic financing. All approved projects are still to be routed to the Capital Estimates Committee at the appropriate level of Government for specific allocation of funds over specific periods. However, once a project has been well appraised, there should be little difficulty in executing it. The Capital

Estimates Committee deals with the Annual Plans which are prepared through full collaboration between the Finance and Planning Ministries. The estimates are prepared annually to reflect the disbursement of funds for capital projects and bring to light developmental bottlenecks in the public sector of the economy.

The basic rules for introducing new projects into the Plan and for the release of funds by the Federal Ministry of Finance for capital expenditure are set out below.

1. Project Preparation

The Federal Ministry of Economic Development and Reconstruction is always ready to play a positive and active role in the preparation and preliminary evaluation of projects. In order to effect this properly, the Ministry should not be called upon to comment on project proposals at the final stages. The Central Planning Office in the Ministry should be brought into the picture right from the very inception of project preparation. This will enable it to offer positive suggestions which may improve the economic viability of the project. It will also facilitate the task of co-ordinating the project with proposals from other Ministries. Sometimes, two Ministries plan the introduction of related projects without one knowing about the other's proposal. This inevitably leads to a substantial waste of scarce resources in men, money and time. This situation can be avoided by an early reference of all proposed projects to the Ministry for study, appraisal and comment. In this way, all potential duplications can be identified and eliminated before resources are committed to the detailed preparation and design of projects.

The importance of technically sound project preparation cannot be over-emphasised particularly in the context of attracting external finance and federal government assistance, where applicable. It is necessary that each executing Ministry or Corporation should have a portfolio of viable projects ready for implementation as resources become available from both domestic and external sources.

2. Project Location and Land Acquisition

One of the preliminary steps in the preparation of a project is to determine its location. The siting of a project may necessitate the purchase of land from individuals, households, groups or communities. The capital cost of such land will normally be charged to the project concerned. Appropriate provision should, therefore, be sought when estimating the total cost of any given project. All negotiations in respect of land acquisition and any consequential compensations are handled on behalf of Government by the Ministry of Works and Housing. Executing Ministries and Statutory Corporations are, therefore, advised to apprise that Ministry of their land requirements as soon as these are determined.

A well reasoned and objective case for the choice of specific proposed locations (or alternative locations) is called for in the *Manual on Project Preparation*, as an essential ingredient in considering a project as a ready candidate for implementation.

3. Alterations in Approved Projects and Use of Consultancy Services

Experience has shown that it is sometimes necessary to alter the scope and magnitude of a given approved project during its implementation or on completion of a detailed feasibility study. Such changes often affect the total estimated cost of the project. Any substantial change in the scope or magnitude of a project (with a consequential upward revision of its estimated cost) must, of course, be submitted to the Executive Council for approval after prior consultations with the Ministry of Finance. In this connection, where consultancy services are used, the Consultant must be instructed to design the project within the Plan allocation for the project. Where the project cannot be designed within the Plan allocation, the applicant Ministry should seek the specific authorisation of Council for an upward revision of the Plan allocation before commissioning the detailed designing. It is not often realised that a project which is feasible and viable at say £0.5 million may be totally "uneconomic" at £1 million, and as such Government should be given the opportunity to decide whether or not the project should proceed at the revised cost of £1 million. Before a Consultant is commissioned to plan and design a project for which there is no Plan allocation, the Ministry of Works will provide the preliminary total estimated cost of the project. In all events, the Ministry of Economic Development and Reconstruction and the Ministry of Finance will be given the opportunity to appraise the project in the light of the new total estimated cost before public funds are expended on the detailed engineering, planning and designing of the project.

4. Variation Clauses

It is common practice for most projects put out to tender to include a Variation Clause to cover contingencies. Such contingencies are to cover increased costs of materials, plant and labour. The cost of a project during its execution may, for example, increase due to a wage increase or an imposition of custom duty. It may also happen that, due to prior inadequate information, it becomes necessary to change the original location. Such a change in location may of course affect the cost of the project because of differential transport costs or redesigning. In some cases, a complete re-appraisal and formulation of the project might be undertaken when information about new techniques, better materials or market conditions becomes available.

Changes in the scope of an approved project may not, however, necessarily mean a change in its magnitude. But this notwithstanding, any change in scope will have a direct effect on a project's implementation with respect to timing and organisation. It may also significantly affect its linkages with the rest of the national economy.

In order to allow for the orderly implementation of such projects, executing Ministries should adopt the following procedure:

(*a*) Where variation in the scope and magnitude of a project is up to £10,000, the Ministry of Works could approve. Proper documentation in justification of the variation must however be kept for the information of co-ordinating Ministries and the scrutiny of the Auditor-General.

(*b*) Where the variation is between £10,000 and £50,000, the variances should be cleared with the client Ministry and the specific approval of the Ministry of Finance and the Ministry of Economic Development and Reconstruction, sought.

(*c*) Where the variation is over £50,000 or above, the formal approval of the Federal Executive Council must be sought, after clearance with both the Ministry of Finance and the Ministry of Economic Development and Reconstruction, in the usual way.

5. Introducing New Projects

It may be necessary, occasionally, to introduce new capital projects into the Plan to meet new investment needs, upgrade existing investment programmes or maximise the use of existing capital stocks. The Ministry concerned should at the earliest opportunity consult with the Ministry of Economic Development and Reconstruction and the Ministry of Finance. Such communications on the introduction of new plan projects should be addressed to the Permanent Secretary, Ministry of Economic Development and Reconstruction and marked for the attention of the Principal Planning Officer (Plan Co-ordination) with a copy to the Permanent Secretary, Ministry of Finance. The proposals will then be appraised in the Central Planning Office whose preliminary reactions will be forwarded to the applicant Ministry as soon as possible. There would thus be a continuing dialogue with executing Ministries on their new investment proposals and projects in the pipeline. All projects not in the current Plan have to be approved by the Council before they are eligible for inclusion in the Plan for implementation.

6. Release of Funds and Virement for Approved Projects

Where funds have been appropriated for an approved project in the Annual or Supplementary Capital Estimates within the general framework of the Plan, an application for release of funds should be sent to the Permanent Secretary, Ministry of Finance for the attention of the Deputy Secretary (Revenue and Supply) with a copy to the Permanent Secretary, Ministry of Economic Development and Reconstruction for the attention of the Principal Planning Officer (Plan Co-Ordination). The latter officer will promptly submit written comments on the timing and priority rating of the project to the Ministry of Finance, with a copy to the applicant Ministry. Where there is no appropriation for a given project in the Plan, the normal procedure is for the applicant Ministry to seek appropriation in the next Supplementary Capital Estimates.

There are, however, limited occasions when additional provision may be sought by virement, provided the capital expenditure sub-heads are closely inter-related. Unlike the current expenditure sub-heads, the allocation for a given capital project in the Capital Estimates cannot be expended on another capital project in the same Head of Estimates by virement, without the prior specific approval of the Cabinet. The so-called "savings" against a capital project are not automatically available to the applicant Ministry for transfer by virement to another unrelated capital project which has to be appraised and properly phased on its own merit.

It is necessary to recall here Rule 5 (2) (*b*) of the Second Schedule of the Finance (Control and Management) Act, which provides that :

> "When in any financial year it becomes necessary to incur expenditure additional to that made in the capital estimates or supplementary capital estimates under any sub-head of any Head, the Ministry of Finance may, by Warrant, authorise such additional expenditure, provided equivalent savings can be quoted from the provision made in that year under another sub-head of the same Head."

The assumptions underlying this provision are :

(*a*) The project is already provided for in the Plan and included in the Capital Estimates.

(*b*) A provision has been made in that year in the Capital Estimates under the sub-head. If no provision exists in that year under the project, even though provision was made in the previous year(s), it will be irregular to make additional provision under the project by virement.

(*c*) A provision has also been made in that same year under the sub-head from which savings have been quoted. This clearly rules out the "bringing forward" of funds from "the balance to complete" under a project in order to utilise such funds for virement.

7. External Aid

The primary responsibility for preparing Programmes and projects for external finance lies with the sponsoring Ministry or Statutory Agency. The documentation has to be prepared in a form and up to the standard specified by the lender concerned. The Overseas Finance Division of the Ministry of Finance or the Technical Assistance Division of the Ministry of

Economic Development and Reconstruction can advise on the criteria and requirements of the various lenders and donor agencies. It is, however, necessary to relate the selection and timing of external aid projects to the priorities laid down in the Plan. Besides, it is essential to make adequate provisions for the local or "on-shore" costs of such projects in the Capital Estimates.

Applications for external finance for any project should be sent to the Permanent Secretary, Ministry of Finance with a copy to the Permanent Secretary, Ministry of Economic Development and Reconstruction marked for the attention of Principal Planning Officer (Resources). The Ministry's comments on such applications will be transmitted to the Ministry of Finance with a copy to the sponsoring Ministry or Corporation. Where technical assistance facilities are required for an expert study or feasibility investigation of a capital project, or where technical assistance applications have financial implications, such requests should be sent to the Permanent Secretary, Ministry of Economic Development and Reconstruction marked for the attention of the Principal Assistant Secretary (Technical Assistance) with a copy to the Permanent Secretary, Ministry of Finance, who is also concerned with all aspects of projects in the pipeline for external finance. The Ministries of Finance and Economic Development and Reconstruction will normally support any viable and well-prepared project of the right type for external finance particularly in the development sector of the plan, provided such projects are in the approved Plan. Projects outside the approved Plan will not normally be eligible for external aid.

8. Relation with Statutory Corporations and State-owned Companies

The procedures outlined in this Chapter apply *mutatis mutandis*, to the capital expenditure proposals of the Statutory Corporations and State-owned Companies. This is in accordance with Government decision in the "Statement of Policy by the Government of the Republic of Nigeria on the Relations between the Corporations and the Legislatures, the Government and the Public and between the State-owned Companies and the Government", Sessional Paper No. 7 of 1964 which provides, *inter alia*, that :

(*i*) The capital development programme over a given Plan period, and any major alterations therein, of each Corporation or State-owned Company shall be submitted to Government through the appropriate Ministry for prior approval ; and

(*ii*) the annual capital expenditure estimates of each Corporation or State-owned Company shall be submitted to the appropriate Ministry for approval.

In the latter case, the appropriate Ministry will not normally submit the annual capital expenditure proposals to the Government because of the need to save time and especially as each individual major contract within the annual programme will have to be approved by the Council. The appropriate Ministry would, however, wish to consult the Ministry of Finance and the Ministry of Economic Development and Reconstruction before giving approval to the annual capital expenditure programme. Where either of the two Ministries concerned has no substantive comment or is unable to react within a reasonable period to the proposals, the appropriate Ministry may, of course, give its approval. The Ministry concerned will normally summon an inter-ministerial meeting with representatives of the two Ministries to resolve any differences in the views they may have expressed. It is of the utmost importance that clear Government reactions to investment proposals from the Corporations and State-owned Companies should be obtained as early as possible in order to promote efficient and smooth operations, and ensure the rational use of resources at the disposal of the Agencies. Undue delays in any public-sector investment decision are usually costly, especially when they affect commercial operations.

It is relevant to draw the attention of all concerned to the Policy of the Federal Military Government on Statutory Corporations and State-owned Companies, 1968, and particularly to paragraphs 21 and 22 of that policy document, which state that :

(*i*) "Earnings, expenditure and capital obligations of Corporations and State-owned Companies should be considered as a whole by the Government as their common owner. This concept of a common ownership will result in the prices for services in the various organisations being fixed with beneficial effect to the country's economy. It should also result in the creation of a central machinery for reviewing and analysing the activities of all Government enterprises in the light of available data, reports, etc. assessing their yearly performances, making estimate of the returns on capital invested, and advising on the disposal of surpluses or profits. In this way, the enterprises will play a constructive role in the development of the economy. The Ministry of Economic Development should supply the central machinery."

(*ii*) "The financial position of State-owned enterprises which are required, as a matter of policy to maintain uneconomic services or undertake functions of a social service character should be examined from time to time with a view to determining the extent each requires to be subsidised in respect of such uneconomic services".

In pursuance of these directives, the Ministry of Economic Development and Reconstruction would require the Chief Executives of various Corporations and Companies to forward to it on a quarterly basis their approved capital budgets, training programmes, statements of amenity undertakings or social services being rendered by them, as well as their general operating accounts and forecasts.

9. Relation with the States

The Government believes that the success of the Plan depends to a great extent, on cordial relationships between the Federal and State Authorities. In implementing the Plan, it is, therefore of crucial importance that only projects included in the Plan as agreed between the Federal and State Authorities would be supported at the Federal level either for internal resource allocation (e.g. Federal grant) or guarantee for external aid.

The State Governments are to follow the spirit of the Rules and Procedure contained in this Chapter for their plan implementation, as applicable to their own machinery for planning and financial administration. At all stages, it is expected that there would be active consultation and dialogue with appropriate Federal counterparts, and, especially, with the Ministry of Economic Development and Reconstruction. Each State may have its own detailed rules and procedure for implementing its plan, provided they are consistent with and complimentary to the spirit of those set out in this nationally-agreed Plan.

CHAPTER 36

PREPARATION FOR FUTURE PLANNING

No matter how brilliantly-conceived and expertly-designed and formulated, the success or failure of a plan depends largely on how it is executed. For the successful implementation of the Plan, the set of rules stated in chapter 35 must be followed. However, there must also be a system of reporting as part of the Plan's discipline and control mechanism. Thus, there is the need for progress reporting at regular intervals.

As planning is a continuous operation in the course of plan implementation, there must be useful feed-back for the formulation of future plans. Progress reporting as an *ex-post* concept, is concerned with events in the process of implementing a plan within a given period. In this way, achievements are revealed and shortfalls in targets identified as a spur for further action.

For the benefit of those whose task it is to evaluate the Plan in operation, it is absolutely necessary to obtain information continually on the macro-aggregates of the Plan, the status of projects-in-progress, the executive capacity available, the foreign exchange position and other information that could assist Government in assessing the over-fulfilment, under-fulfilment and non-performance of various policies, programmes and projects.

1. 1962-68 Plan Experience

Progress reporting is tied closely to the machinery set up for planning and plan implementation. During the last plan, the National Economic Council was the highest platform where national economic policy decisions were taken and plan priorities reviewed. The fact that it was essentially political in character did not really detract from this economic function. At the technical level was the Joint Planning Committee of the Council with its membership drawn from the Civil Service under the chairmanship of the then Federal Economic Adviser. It was charged with the responsibility for preparing the plan, allocating resources and determining the plan's strategy. In carrying out these functions, the Committee received and reviewed memoranda on various subjects from executing Ministries at both the Federal and Regional levels through the Federal Ministry of Economic Development which acted as the Secretariat to both the Council and the Committee. All the Governments in the Federation were fully represented on the two bodies.

Apart from these two main national organs, there were also Economic Committees both at the Federal and Regional levels. The main functions of these Committees at the Federal and Regional levels were to co-ordinate recommendations for development, to prepare detailed proposals for submission to their respective Executive Councils and to keep the development plan under constant review, particularly in the light of changing circumstances.

Deriving from the character of the last plan and the constitutional framework under which it had to operate, every branch of government was supposed to produce annual progress reports on its own plan. The actual reporting bodies were the various Economic Planning Ministries. The procedure was for the various executing Ministries and Departments to feed information on the progress of their projects to these Ministries at their respective levels.

As a result of the series of crises which the country experienced during the last phase of the plan the Governments in the Federation did not publish progress reports beyond the first two years of the Plan when the various reports were integrated into the first *National Progress Report*, 1964.

2. Current Measures

Because of the changed situation in the country, a more determined arrangement for systematic reporting will form part and parcel of the implementation machinery. The control mechanism being established should facilitate better co-ordination and have a favourable influence on the reporting procedure.

The responsibility for reporting on the Plan on a regular annual basis belongs to the Central Planning Office of the Federal Ministry of Economic Development and Reconstruction. The overriding objective is to produce periodic national reports. Operationally, the Central Planning Office would request detailed half-yearly reports from executing Federal Ministries and States Economic Planning Ministries (which in turn, would request their executing Ministries) on the progress made at implementing their respective programmes and projects. These reports would form the basis for articulating the annual progress reports on the National Plan.

To ensure that the reports are meaningful in terms of achievement or lack of progress, they would be presented not merely in financial terms but, as far as possible, also in the various dimensions originally indicated in the *Manual on Project Preparation*. Specifically, they would indicate :

(*i*) the amount already spent out of the planned disbursement and the balance to complete the project ;

(*ii*) the work already done in physical terms ;

(*iii*) the foreign exchange effect ; and

(*iv*) the manpower implication.

Qualitatively, information on the problems experienced in the process of plan implementation and any changes in policy would also be given. Thus, the progress reports would contain such details that would facilitate the further execution of the Plan. In this way, progress reporting would promote administrative effectiveness and the support of the Nation as a whole for effective plan implementation.

Standard formats for progress reporting would be made available to both Federal and State executing Ministries and Agencies.

3. Economic Surveys

The type and form of progress reporting so far described is to assist the Government and people to be properly informed on the achievements of the Plan. In most cases such reports only cover public sector programmes. But the present Plan includes the private-sector activities as well. In order to report progress on all sectors of the economy, it is envisaged that henceforth annual Economic Surveys would be published regularly by the Central Planning Office in consultation with other interested agencies, such as the Federal Office of Statistics, the Nigerian Institute of Social and Economic Research, Ibadan, and the Central Bank Research Department. Such surveys would not only deal with performance in both the public and private sectors, but also highlight any progress or weaknesses, bottlenecks and distortions in the economy as a whole. The comprehensive survey would show performances in such fields as production, distribution, exchange, finance and external transactions. The proposed annual surveys should be seen as a compendium of the various economic reports of private and public agencies in the country for a given year.

4. Future Guidelines

The present planning exercise has involved the evaluation of past planning efforts. Success and failure have been identified both in the aggregate and for particular sectors. The exercise has revealed that there are several areas where data are not available in the right quantity and quality and at the right time. It is therefore necessary that for the future, the Federal Office of Statistics should intensify its work programme from the standpoint of suitable statistics for national planning. The office, recently re-organised, will accordingly be given the necessary support in money, men and materials. Economic research activities in the country would also be streamlined to fit in more effectively with the needs of planning. There is a wide area for more intensive studies and projects articulation especially in the fields of Agriculture, Industry and Transportation. For future planning effort, it would be necessary to make extensive use of consultancy services to prepare an inventory and use of the country's resources.

In order to improve the quality of future plans, it would be necessary to enforce the use of the *Handbook for Measuring Returns on Investment* which could only be introduced during the current planning exercise. In order to introduce discipline and uniformity into project design, both the *Handbook* and the *Manual for Project Preparation* would be invoked as guidelines for the data required for future national plans.

For successful planning, an effective machinery for the formulation, preparation and implementation of development plans, is a *sine qua non*. It will therefore be necessary to set up and staff adequately, during the Plan period, an effective planning machinery to meet the new challenge and discipline of planning the modern development of the nation's economy.

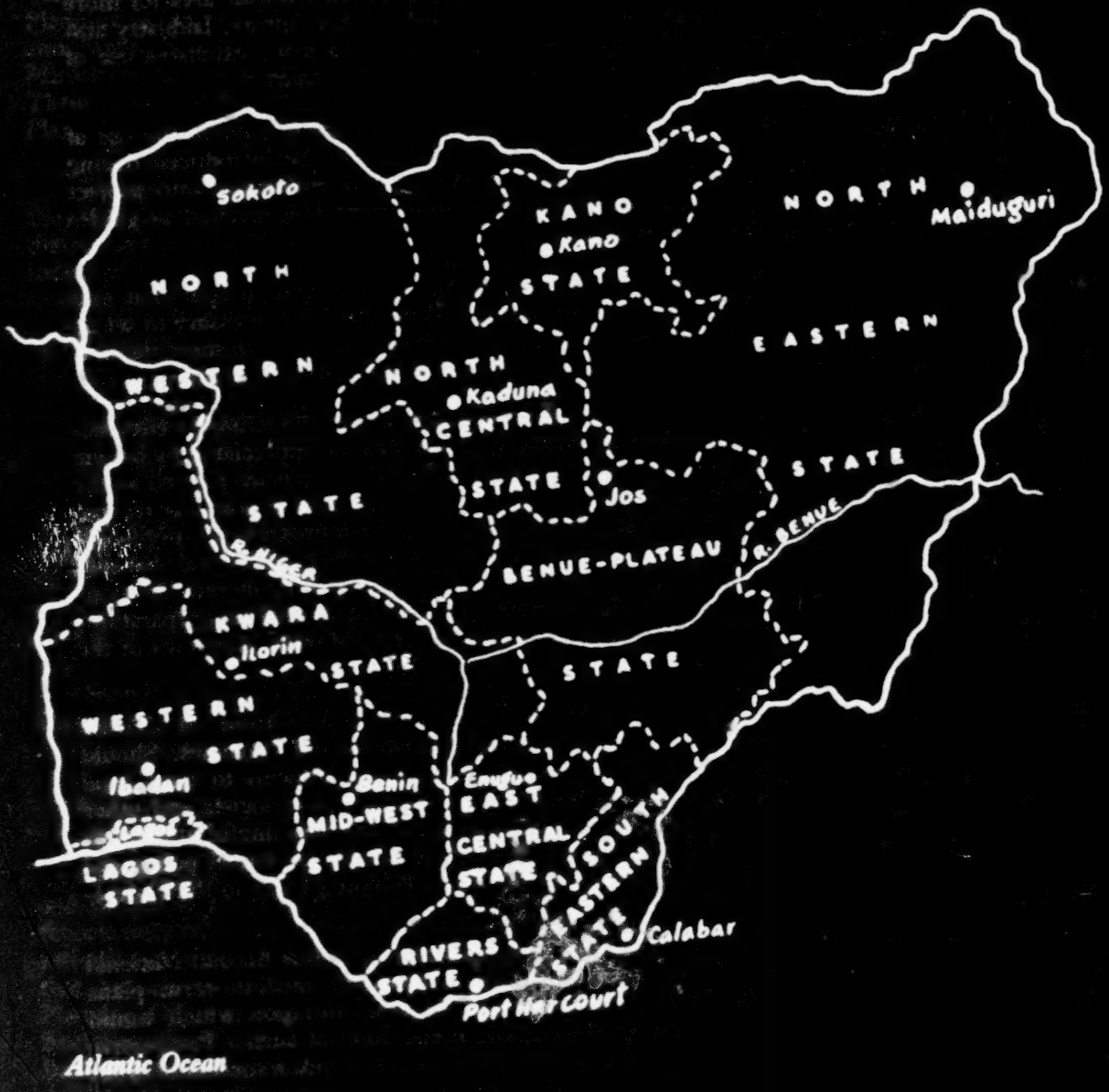
The present plan had to be drawn up under great pressure and in the stringent circumstances and uncertainties of war. The magnitude of the work can best be appreciated by having regard to the fact that this is a Plan for thirteen governments and their agencies as well as the private sector. It had to be got ready in less than a year for the urgent tasks of post-war reconstruction and the revival of the economy. It may be regarded as a crash programme specifically drawn up to take advantage of the challenges thrown up, by removing the fundamental obstacles to rapid economic growth. The Central Planning Office of the Ministry of Economic Development and Reconstruction, apart from serving as the co-ordinating centre for the Plan preparation, was throughout in close liaison with each State Planning Ministry and other Agencies in the preparation of this plan.

The training programmes for planners in the country should extend from the Central Planning Office to the States and the various executing Ministries and Agencies. Should any of these have weak planning units, it will become exceedingly difficult to have good national plans. Besides, the services of engineers, architects, scientists, sociologists and other professionals in and outside the public services will be required in any meaningful attempt to plan the orderly development of the Nigerian economy. A more flexible personnel policy and administration is therefore essential in the staffing of the various Planning Units in the Federation.

The Third National Plan must be conceived now as a follow-up to this Second National Plan. The Third National Development Plan and other subsequent medium-term plans would derive from a long-term Perspective Plan of about 20 years duration which would completely revolutionise and modernise the economy. The preparation of such a Perspective Plan will be put in hand soon after this Reconstruction Plan is launched into a successful orbit.

In many important respects, this Second National Development Plan is the first in a new generation of plans dedicated to the newly rediscovered spirit of a potentially great and self-reliant nation. The Plan will take care of the immediate post-war economic and social problems of the nation and propel the Nigerian economy along the path of growth and stability.

THE TWELVE STATES OF NIGERIA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